

FINANCIAL TIMES



Software

computer

Satan, a devilish new computer

program, will today be let loose

on the Internet communications

network, to the consternation of

security experts globally. Satan, which stands for "Secu-

rity Administrator Tool For Ana-

lysing Networks", is a sophisti-

cated bnt easy-to-use program

designed to find security flaws in

computers linked to the Internet.

lf it detects a weakness, it

describes bow it can

set to

bedevil

security





South Africa Light into the darkness



Management In pursuit of the roving executive



Bank of England criticised over **Barings inquiry**

Hessel Lindenbergh, a senior director of Dutch bank Internationale Nederlanden Group, yesterday criticised the Bank of England for taking too long to complete its inquiry into the collapse of the mer-chant bank Barings. Mr Lindenbergh said that unless the bank produced initial findings by the end of this month, ING might start to dismiss the Barings executives it believed responsible. Page 15, Human rights blow for Leeson, Page 9. Lex. Page 14

Kohi to attend Moscow VE-Day event: German Chancellor Helmut Kohl will attend Moscow's official commemoration of the 50th anniversary of the end of the second world war after Russia agreed not to hold a militaristic victory march, officials said on Tuesday.

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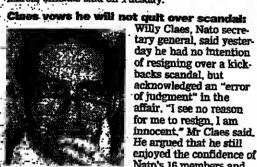
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Sections.

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TEL AVIV



of resigning over a kickbacks scandal, but acknowledged an "error of judgment" in the affair. "I see no reason for me to resign, I am innocent," Mr Claes said He argued that he still enjoyed the confidence of Nato's 16 members and

had received messages of support from many senior politicians. Page 14

Crédit Lyonnais chairman's warning: Jean Peyrelevade, chairman of Crédit Lyonnais, the lossmaking French state bank, warned that any attempts to toughen the terms of the government-backed rescue announced last month might jeopardise the group's survival. Page 14; Lex, Page 14

Moscow securities house venture: Hans-Jörg Rudloff, the banker who built the mod-ern euromarkets in the 1980s and led investment bank CS First Boston into eastern Europe, is setting up his own securities house in Moscow, MC, the securities firm which Mr Rudloff formed last year after leaving the CS group, is expected to announce a joint venture in the Russian capital. Page 15

Mexican plans frozen: Reichmann International and George Scros, the US financiar, have frozen \$1.25bn of property developments in Mexico City, which were to include the country's tallest building, in the wate of the peso's fall. Page 15

Many EU countries missing Emu targets: The European Monetary Institute, forerunner to a European central bank, cast doubt on the ability of some EU countries to achieve monetary union by riticising their high budget deficits and debt levels The institute said EU countries had not made enough progress in economic convergence. Page 2

Further gains for Bertelsmann: Bertelsmann, the German media and publishing group, expects a "substantial" increase in profits for the year with a 9 per cent rise in sales to DM20bn (\$14.6bn). Sales for the first half to last December rose 11 per cent to DM10bn. Page 16

Army hunt after Burundi massacre: Burundi's army said it knew of only 20 deaths from 'a reported massacre of Hutu tribespeople but said it was hunting for the attackers. Diplomats and aid workers reported some 400 people, mostly women and children, had been massacred in the northeast. Page 4; Editorial Comment, Page 23

La Générale raises earnings 27%: Société Générale de Belgique, the diversified Belgian hold-ing company, increased net profits 27 per cent to BFr11.01bn (\$380m) in 1994. The group expects to at least equal the result this year. Page 16

Moslem rebels kill 26: Moslem rebels in the Philippines killed at least 26 people and wounded 30 in a raid by land and sea on the town of Ipil on southern Mindanao island, police said.

transans protest at high prices: At least one person was killed and many wounded when police at Islamashahr, southwest of Tehran, clashed with franians protesting against high prices. The protest ers set ablaze several public buildings.

Body Shop drops court case: British cosmetics chain Body Shop withdrew from Israel after falling to stop a local copycat chain from using its name and a lookalike logo. Faced with mounting legal costs, the company abandoned its case in a Tel Aviv court on trademark actions to the local terms and the local terms and the local terms are local to the local terms and the local terms are local terms. involving Israeli firms Body Shop Cosmetics and owner Fischer Pharmaceutical Industries.

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O THE FINANCIAL TIMES LIMITED 1995 No 32,643 Week No 14

Markets regain their composure after central bank intervention

WEDNESDAY APRIL 5-1995

Dollar recovery spurs bond rally

By Philip Gawith and Philip Coggan

The US dollar yesterday recovered some of the ground it has lost in its recent recordbreaking fall, following Monday's co-ordinated central bank support for the currency.

The increased composure of the dollar and US asset markets, and renewed hopes of a decline in European interest rates, helped prompt a rally in bond and equity prices in the UK and on

Markets have become more optimistic about the prospects for interest rates, particularly in Europe, since the Bundesbank cut two key short-term rates last week. Fears of rising short-term rates have been behind much of the weakness of bond and equity markets since the start of 1994.

30-yr long bond yield, % FT-SE 100

at Y86.485, nearly a yen firmer than the post-war low of Y85.55 reached in late US trading on Monday, even though yesterday the US Federal Reserve stayed

On Monday it was estimated to have bought \$1bn-\$2bn on the for-eign exchanges. The Bank of Japan supported the dollar dur-

ing Asian trading. The possibility of the Fed, and perbaps other central banks, buying dollars again was sufficient to curb aggressive selling, hnt analysts said the US currency remained likely to fall in the longer term. Mr Tony Norfield, economist at

ABN AMRO, the Dutch bank,

central bank intervention, nor moves so far in official interest rates, offer any dollar support."

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WORLD MARKETS

■ Many EU countries miss-

Surging yen keeps on

ing Emu targetsPage 2

claiming victimsPage 5

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Many traders doubt the sincerity of the US authorities' recent statements in support of the dol-lar, including Monday's comment from Mr Robert Rubin, the Treasury secretary, that Washington

Y350.6bn (\$4.1bn), 3 per cent

Y467.1bn the previous year. But

pre-tax profits would be only

Y97bn compared with Y115bn the.

year before. The company, which ships from Japan most of the

video games machines it sells in

higher than originally forecast rise would wipe about Y20hn off although sharply down from profits.

"Sabre-rattling from the US is still very much the order of the day," said Mr Jeremy Hawkins. chief economist at the Bank of America in London.

Bond and equity prices rose on both sides of the Atlantic. In London, the FT-SE 100 Index rose 45 points, or I.4 per cent, to 3188.1, its highest level of 1995. In Germany, the DAX rose 1.6 per cent in after-bours trading to 1,965.68, while in Paris, the CAC-40 index rose 1 per cent to 1.882.77. In the US, the Dow Jones Industrial Average was 16.6 points higher at

4,185.01, by 1pm New York time. European hond markets also traded higher, with the strongest performances coming in Italy and Spain, which were helped by the strength of the lira and pesets against the D-Mark, German and French 10 year bonds were about a quarter of a point higher, and UK gilts were up by slightly less.

The program makes it easy to penetrate the defences of an estimated 5m Internet-linked computers around the world, includ-Ing corporate, academic, military and government machines. Satan can be used to spot and eliminate security problems. But it can also be used by backers to

exploited.

tbrongb private files, plant viruses or do other mischief. Any Internet user with a reasonably powerful personal computer will be able to copy the program free for their own use. lts creators. Mr Dan Farmer, a former computer security researcher at Silicon Graphics. the Silicon Valley computer workstation manufacturer, and Mr Wietse Venema, a security programmer at the Eindboven Technical University, are determined to allow free access to Satan. They argue that this will

break into computers to snoop

be improved. Computer security experts compare the software giveaway with supplying guns to children. According to Mr Donn Parker, of SRI Ioternational, a California research group that has tested end up in the hands of malicious backers who will use it to break into computers without understanding the full impact of what they are doing".

force security on the Internet to

According to Mr Parker, the program is the first step towards "antomated backing", in which computers attack each other. He envisages cyherspace wars, played ont in the hlink of an eye

> Continued on Page 14 IT Survey, Section 3

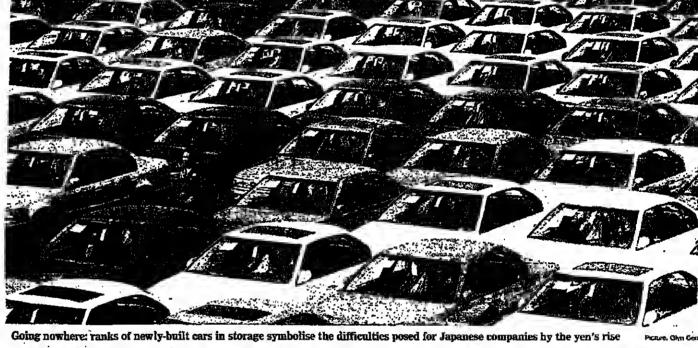
Mazda halts some exports Toray raises imports Nintendo sees lower profit Rising yen hits top **Japanese** companies By Michiyo Nakamoto and William Dawkins in Tokyo

The problems faced by leading Japanese companies because of the surge in value of the yen was underlined by announcements from three of the country's top manufacturers yesterday. Mazda, the car producer, is

temporarily to halt production of vehicles in Japan for the US market. Toray, the synthetic fibres manufacturer, will increase its imports from south-east Asia. Nintendo, the computer games manufacturer, has failed to meet profit forecasts and is to focus on higher margin products for

Business has become increas-ingly anxious about the lack of government action to stem the yen's rise. Mr Norio Ohga, Sony chairman, has warned that at an exchange rate of Y80-Y90 to the dollår "it will never pay" to make products in Japan.

"We still make close to 60 per cent of our products in Japan because we believed doing so was the responsibility of Japanese citizens. But the present government has no strategy [in the face of the rising yen]. If the government cannot draw a blueprint for Japan in the 21st century, we shall have to shift overseas," Mr



Loss-making Mazda blamed the strong yen and a sudden sharp decline in US car demand for its acceptable. Mazda is severely decision to cease Japanese production of cars for the US market for a few days.

The cut in output will be equivalent to 20,000 cars, one tenth of a year's US export sales, Mazda said. Two lines at Mazda's headquarters in Hiroshima will be closed at the end of this month, and two more at another plant in Hofu, west of Hiroshima, will probably be closed for "several days" in May, the official added. A 15 per cent decline in US car demand has caused Mazda's stocks there to rise to the equivaexposed to the yen's rise, since 60 per cent of its Jepanese production is exported, among the highest in the industry.

Nintendo said overall sales in the financial year to the end of March bad increased, hut, because of the yen's sharp appre ciation, pre-tax profits would be nearly 7 per cent below previous forecasts. It expects to avoid the worst impact of the higher yen by focusing on higher margin products for export. Nintendo said sales in the year

to March would he about

EU, Canada proposals on fish row rejected by Spain

By Caroline Southey in Brussels and David White in Madrid

Spain yesterday rejected draft proposals from the European Union and Canada designed to end the dispute over fishing rights in contested grounds off Newfoundland.

Mr Felipe González, Spanish prime minister, insisted Madrid would not be able to accept the deal because it would involve a large cut in Spain's catch in the disputed waters. Mr Javier Elorza, Spain's ambassador to the EU, delivered a note rejecting the proposals to the European Com-

EU and Canadian officials yesterday afternoon resumed their talks, which have centred on the allocation of a 27,000-tonne quota for Greenland halibut, or turbot, set last November by the Northwest Atlantic Fisheries Organisation, an inter-governmental body which oversees fishing in the region. The discussions also cover tighter monitoring procedures and Canadian claims to of about 80 per cent for the Span-

its 200-nantical-mile territorial The row hlew up a month ago

after Canada seized the Spanish trawler Estai. It later released the vessel but kept part of the catch. Spanish officials sald they remained hopeful a deal could be reached. But Spain could not accept that Canada, having violated international law by seizing a Spanish vessel outside its territorial waters, should come away from the negotiations with a

large increase in its annual catch, they said. A Canadian official said the two sides "had the outline of an agreement on Tuesday night but did not have a deal".

A Commission official said negotiators "still have not closed the gap on figures but we believe the gap can be bridged". The proposal that the EU and Canada should each be allocated

10,000 tonnes of Greenland hali-

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LONDON - PARIS - FRANKFURT - STOCKHOLM - NEW YORK - TOKYO

Intl. Cap Mids

Commodilies

ish trawler fleet on last year Spain objects in particular to a proposal for a "box" reserved for Canadian fishermen in interna-tional waters, which it sees as a affect other fishing grounds. It is also insisting on what it calls a "reatoration of international legality" – including the return of part of the Estai's catch. "If there is going to be a deal

there has to be a more equitable share out," a Commission official said. He added that Canada had to realise how important the quota issue was to Spain and that "further concessions have to be

EU officials said negotiators were pursuing a deal that could be accepted by all member states, including Spain.

EU ambassadors are expected to review the negotiations at a

but out of a total quota of 27,000 tonnes would imply a reduction

meeting today, ahead of a meeting of fisheries ministers tomor-Fish may hinder SDP plans on Iceland's pro-EU voters, Page 3

Equity Options ... Int. Bond Service Managed Funds 28,29 III. Monthly Review of Recent Issues ... Information Technolog Shere information ... Tractional Options... Male of Man

overseas markets, said the yen's

Toray, Japan's largest producer

of synthetic fibres, plans to lift

imports from its south-east Asian

suppliers from Y10hn this year, just under 2 per cent of forecast

sales, to Y100bn hy 2000.



The British Land Company PLC

£130 million acquisition of

Stanhope Properties PLC

and related debt

Placing and

Open Offer of new Ordinary shares

to raise approximately £216 million

S.G. Warburg acted as financial adviser to The British Land Company PLC, made the Open Offer and was joint lead manager of the Placing

S.G.WARBURG

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Amsterdam, Auckland, Bangkok, Beijing, Boston, Chicago, Frankfurt, Geneva, Hong Kong, Istanbul Johannesburg, Kuala Lumpur, Luvembourg, Madrid, Melbourne, Milan, Montreal, Moscow, Osaka, Paris Seoul, Singapore, Stockholm, Sydney, Taiper, Toronto, Vanconver, Warsaw, Wellington, Zurich Issued by S.G. Warling & Co. Ltd.

Many EU countries missing Emu targets

The European Monetary Institute, set up as the forerunner to a European central bank, yesterday cast doubt on the ability of some EU countrles to achieve monetary union hy criticising their high hudget deficits and debt levels.

in its first annual report, the EMI said EU countries had not made enough progress in economic convergence ahead of proposed European monetary mion (Emu) in 1997.

In unambiguous language - seemingly directed at politicians more than central bankers - the EMI says member states which are already well off convergence targets will be

do not use the present economic recovery to correct budgets and debt levels. The EMI's job is to prepare

for economic and monetary integration by laying the groundwork for a European central bank, recommending monetary policies and assessing the readiness of members states for Emu.

The institute does not say in its report whether it thought governments would decide to go ahead with Emu in 1997, but made clear there was far to go before this was achievable. In fact, for Euro-optimists

who still bope Emu can begin as early as 1997, the EMI report brings a dose of reality. So few

EMI: some countries 'must do much better'

General government gross debt Pub as a % of GDP			blic revenues and expenditures in the EU as a % of EU GDF	
Maastnich	Treaty	criterion is	60%	53
-	1992	1994 provisional	1996 forecasi	Expenditures 51
Belgium-	133.8	140.1	136.6	
Denmark	68.8	78.0	78.2	
France	39.6	50.4	55.8	49
Germany	44.8	51.0	58.9	
Greece	92.3	121.8	128.7	47
reland	93,4	89.0	79,1	Revenues
landy	108.4.	123.7	128.8	45
Luxembourg	5.0	9.2	9.9	
Metherlands	79.9	7B.8	78.0	
Portugal	51.7	70.4	72.3	·
Spala	48.2	63.5	66.1.	L 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
UK	42.0	50.4	53.1	1986 90 92 94
				Source: European Commission

countries meet the entry crite-ria laid down by the Maastricht treaty that even 1999 could well be a difficult target. in a nutshell, its verdict on the last point is: "Must do much

better". The <u>EMI</u> takes a stern line on what it sees as shortcomings of EU-wide policies, welcoming progress on inflation hnt showing strong concern about fiscal laxity.

Mr Alexandre Lamfalussy, EMI president, singled out fis-cal policy for criticism in his foreword to the report. "Public finances in many member states continue to be a cause for serious concern." he said "Finance ministers certainly recognise that this cannot go on - Maastrict or no Maastricht. Decisive action will be necessary to reduce budget deficits and to restore acceptable levels of public debt."

The report said most countries would not qualify for monetary union, "in the major-ity of cases because of their fiscal positions".

With 1997 the target for Emu under the Maastricht treaty, the first assessment of convergence will be made next year by the EMI and the European Commission, But Mr Lamfalussy has said the 1997 date is

The report was positive on inflation, though some countries' rates were still too high. The risks of inflationary pressures could increase as economies recovered from recession,



EMI president Alexandre Lamfalussy rings a bell to open the Frankfurt meeting yesterday

The EMI, based in Frankfurt, said progress towards price stahility and increased convergence in some other areas had been reflected in greater exchange rate stability in 1994. But deficiencies remain. "It appears that the overall achievements in convergence

are still insufficient." Under the Maastricht treaty, countries entering Emu must fulfil strict criteria on inflation, interest rates, budget levels and debt.

"Several countries still record unsatisfactory levels of inflation rates and convergence is still not established firmly enough to discourage challenges to policy from developments on the foreign exchange and bond markets," the report said. The EU's biggest economic

problem continued to be "the worrisome state" of most countries' fiscal positions. Governments were taking corrective measures, but "these need to be strengthened and continued on a permanent basis".

Convergence would also be more sustainable with greater progress on improving the structure of labour and goods' markets. The report did not single out countries for criticism or policy recommendations, but detailed their performance under the criteria.

In 1994, only three of the then 12 member countries met the target of a budget deficit of 3 per cent of GDP - Germany, Ireland and Luxembourg. Only Germany, France, Luxembourg and the UK kept their public debt below 60 per cent of GDP,

Welcoming EU members' efforts to achieve price stabil-ity, the EMI said the average EU inflation rate of 3 per cent last year was still too high. France, Denmark and Luxembourg had the best inflation record, with annual rates of

around 2 per cent. They were followed by Bel gium, freland, the Netherlands, the UK and Germany. The treaty says inflation rates should be no more than 1.5 percentage points above the three

lowest-inflation EU states. The EMI exhorted countries not to slacken efforts on inflation and said monetary policy needed "vigilance". As growth revived, wage deals should be moderate, companies should continue-productivity efforts and governments should cut

EUROPEAN NEWS DIGEST

Finnish coalition to exclude Aho

Finland's new government began to take shape yesterday when the Social Democratic party, which won elections two weeks ago, said it aimed to form a coalition with the Conservatives as its main partner. The decision means the Centre party of Mr Esko Aho, prime minister for the last four years, will be excluded from power. Mr Paavo Lipponen, the Social Democratic leader, said he was also inviting the Leftist Alliance, the Swedish People's party and the Green party to

Collaboration between the SDP and Conservatives would-revive their government co-operation between 1987 and 1991 and, by enlisting the three smaller parties, Mr Lipponen could create a much stronger coalition, with 145 seats in the 200-seat parliament, and meet his objective of forming a broad-based government that spans much of the Finnish political

Mr Lipponen, who wants the new government to take Mr Lipponen, who wants the new government to each charge hy mid-April, said the potential coalition partners had all accepted the need for FM20bn (\$4.6bn) of spending cuts to reduce Finland's budget deficit and stabilise its rising debt. He has made the cuts his top priority. Christopher Brown-Humes.

Balladur gaining ground

Mr Edouard Balladur, the French prime minister running for president, has overtaken Mr Lionel Jospin, the Socialist party candidate, according to a poll conducted by the Ifop agency and published in the weekly Express magazine yesterday. Mr-Jacques Chirac, the mayor of Paris and Mr Balladur'a fellow RPR party member, remains the frontrunner with 26 per cent of the vote, down 1.5 percentage points from the previous Ifop poll conducted a week ago. However, Mr Jospin's support among voters for the first round of the elections on April 23 slipped 3.5 points to 18.5 per cent, while Mr Balladur's rose 2

points to 20 per cent. In the second round of voting between the two leading candidates, due on May 7, Mr Chirac would win 60 per cent of the votes against Mr Balladur – down 2 points on the result a week ago – and against Mr Jospin he would win by 56 per cent, up 5 points. Mr Jean-Marie Le Pen, the leader of the extreme right-wing National Front, polled fourth place at 13 per cent, up 1 point, while Mr Robert Hue, the Communist candidate, rose 1 point to 9 per cent. Andrew Jack, Paris

Bildt offers finance talks

Mr Carl Bildt, leader of Sweden's opposition Conservative party, yesterday proposed talks with the minority Social Democratic government to help resolve the crisis of confidence over the state of the country's finances. The krona has weakened sharply and interest rates have been driven up in recent weeks by concern that the government is not doing enough to cut the country's budget deficit, equal to 11 per cent of gross national product. Mr Blidt, prime minister between 1991 and 1994, warned that Sweden faced "exceptionally grave"

consequences if it failed to change course.

His move came as Mr Ingvar Carlsson, the prime minister, broke a trip to the Baltic states to attend a key parliamentary dehate on economic policy today. The Social Democrats are holding talks with the smaller Centre party to try to win support for new deficit cutting measures to be presented in a supplementary budget this month. Swedish bond yields fell yesterday and the krona strengthened by 5 ore to SKr5.32 against the D-Mark, providing some respite from recent pressures. Christopher Brown-Humes

Ruling on Italian repayments

The European Court of Justice yesterday ruled that Iri and End, two Italian state holding companies, did not have to pay back L742hn (\$437m) of state aid to the Italian government. The two separate cases related to illegal state aid paid in the 1990s to Alfa Romeo, the car maker, then a subsidiary of Iri, and to Lanerossi, a maker of synthetic fibre which was part of the Eni energy and chemicals group. The Commission outlawed the aid and demanded its repayment to the Italian state. After delaying, Finmeccanica - the Iri company which owned Alfa Romeo - repaid L615hn, plus L104hn of interest, to Iri during 1990 and 1991. Eni's Snam subsidiary carried out a similar operation.

However, the Commission claimed that the cash should have been paid back to the government itself rather than the two holding companies. The court ruled that the Italian companies were wrong to delay but did not demand a final repayment to the state by Iri, which is nursing net debt of L23,125bn at parent company level, and Eni. Alfa Romeo was sold to Fiat, the quoted automotive group, in 1987 before the original Commission complaint. Andrew Hill, Milan

Turkish inflation slowing

Inflation in Turkey continued decelerating in March, for the second month in succession. Retail prices rose by 4.1 per cent last month against 5.2 per cent in March 1994. Mrs Tansu Ciller, the prime minister, hailed the results, saying: "There will be big declines in May and June and this will continue in the following months." Inflation peaked at 24.7 per cent in . . April last year after a balance of payments crisis.

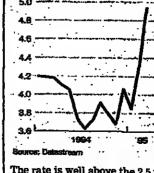
Economists expect the 12-month inflation rate, which hit : 127.7 per cent in March, to drop abruptly next month, further lowering inflationary expectations, reducing interest rates and the government's borrowing costs and hence lightening the public deficit. The government aims to keep the deficit down to about \$5.5bn this year. Independent economists say inflation is contained by a depressed economy and improved public finances, but many are concerned about the financial impact of Turkey's incursion into northern Iraq in March, which is estimated to be costing the treasury \$1bn a month. Financial markets rallied on the figures, with the Istanbul stock exchange's share index breaking yet another record, closing yesterday at 43.090 points. John Barham, Ankara

ECONOMIC WATCH

inflation (annual % change)

Italy

Italian inflation hits 4.9%



figures released yesterday by Istat, the state statistics institute. The figure confirmed the sharp increase in inflation revealed by recent preliminary estimates for the country's leading cities, and compares with 3.8 per cent recorded in January and 4.3 per cent in February. The rise

Italy's inflation topped an annualised 4.9 per cent in March, according to official

in consumer prices reflects the continuing depreciation of the lira against key currencies and new hudgetary measures which

The rate is well above the 2.5 per cent projected by the Beriuscomi government last autumn in its macro-economic projections for 1995. Most husinessmen and economists experimilation to rise above 5 per cent – the highest level in the European Union after Greece and Portugal, Robert Grubins

■ Germany increased its trade surplus to DM8.8bn (\$6.3kn) in January from a revised DM6.5bn in December, provisional ingures show. Industrial factory gate prices rose 0.3 per cent in Particle Provisional Control of the Provision of the Provisi February from January.

■ The Austrian seasonally adjusted unemployment rate remained unchanged in March from February at 4.4 percentage but fell slightly from a year earlier when it was 4.6 per cent Switzerland's consumer price index rose 0.1 percentage points to 1.6 per cent in March.

Belgrade enforcing embargo against Bosnia Serbs

Serbia is carrying out effectively the embargo on strategic supplies at the land border into the 70 per cent of Bosnia controlled by rebel Serbs, monitors at the border confirmed yesterday.

One western monitor who has been checking traffic at the crossing for five months said: "I haven't seen a single round of ammunition. The only military equipment I have found are pairs of boots. They [the Serbian here. The rest of the team in other

Bowever, UN sources say that helicopter traffic between Serbia and Serb-held Bosnia - which is monitored by Unprofor, the UN peacekeeping force, rather than the 162 persoundl of the International conference on former Yugoslavia has not been so well implemented. UN officials have not denied reports that at least three cross-border flights from Serbia two weeks ago conid not be identified as permitted

Diplomats also speak of Isolated incidents of smuggling strategic supplies such as fuel at the border. There have also been reports that the shipmeot of strategic supplies has been going through Serb-held parts of east-

ern Croatia, which are not monitored by the international conference on mer Yngoslavia. Belgrade offered to implement the embargo last August to demonstrate to the five-nation Contact Group that it was not giving material support to

be presented to the UN Security Council on April 21, the end of the second 100 days of Belgrade's implementation of its border measures, and the council will rule on the effectiveness of the land and air restric-

The checks are in force at 17 crossing points and two railway stations. The Sremska Raca crossing, 100km west of Belgrade, is used by 80 per cent of all traffic going in both directions between Serbia and Serb-held territory in Bosnia. Yesterday, the traffic into Bosnia over two hours consisted of a United Nations relief convoy, several cars carrying civilians and three civilian trucks, which had been inspected and sealed by international monitors before leaving Belgrade and which were carrying cargoes for humanitarian use.

However, the traffic out of Serbheld Bosnia consisted of an unusually high number of civilians, possibly caused by the deteriorating security situation in northern Bosnia around Mount Majevica, some 40km across

Problems piling up in my |Study supports labour Nato in-tray, says Claes

By Bruce Clark

Whether or not Mr Willy Claes, the secretary-general of Nato. convinces the world that he is above reproach in the 1988 Belgian government Agusta kick-backs scandal, he does sound convincing when be speaks of the gravity of the problems faced by the alliance.

In a 90-minute interview with a small group of journalists, Mr Claes bluntly acknowledged that a host of unresolved ssues was piling up in his intray: relations with Russia, new models for US-European co-operation, and bitter quarrels between Greece and Tur-

The latter, be disclosed, had become so serious that it bad paralysed the approval of Nato's 1995 military budget. The temporary financing which Nato is using to pay salaries at its military headquarters, and start preparations for a possible withdrawal from Bosnia, would run out at the end of June unless some solution to the impasse was found.

The latest Turkish-Greek impasse reflects a dispute over the personnel and responsibililies of two commands which the alliance is in the process of establishing in Greece, at Lar-

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isa and Salonika, and Turkish insistence that its aircraft based at the port of Izmir should not be dependent on Greek consent for the right to fly over the Aegean.

Mr Claes, who recently cancelled a trip to Athens and Ankara because of bad health, said be was still determined to

"I believe there is some possibility of finding a compromise over command structures," he said, while admitting that "at the moment we are not doing well" in reconciling the two sides.

On relations with Russia, which has objected strongly to US-inspired plans for the expansion of Nato. Mr Claes struck a conciliatory note although the concessions he suggested fell far sbort of Moscow's most recent stipula-

The secretary-general hinted that it might he possible to meet Russian demands for a de facto restriction on the forces deployed on the soil of new Nato members.

"Just because you are a full member of Nato it does not automatically mean that foreign troops or nuclear weapons are stationed on your territory." he said.

He said "a lot of different formulae" for relations with Russia bad heen floated by western governments in recent weeks, including a new Russia-Nato treaty, non-aggression pact or consultation mechanism. "All these can be exam-ined," he said, disclosing that a "brainstorming group" on links with Russia bad been established at Nato beadquar-

ters two weeks ago. Mr Claes suggested that moves towards enlargement and the mapping out of a new relationship with Russia could be pursued simultaneously. However Russian officials have said recently that a new Russia-Nato relationship must be put in place before Moscow even considers lifting its objec-

tions to enlargement.
Acknowledging widely varying levels of enthusiasm for enlargement within the alliance, Mr Claes said It was impossible to say whether Nato would be ready by the end of the year to start naming prospective new members. "Do not ask me to predict

what will bappen in December.



Claes: "Nothing to hide" I cannot give you an answer." Asked about Russian threats to abrogate the treaty on Conventional Forces of Europe, Mr Claes said the accord could in principle be revised during a new round of negotiations which is due to start in 1996; hut before that Russia should fulfil the treaty in its existing form by late 1995, as scheduled.

He gave a downbeat assessment of efforts to work out a new model for military co-operation between the US and Europe, which were launched at Nato's January 1994 summit. "Speaking frankly, we are not making a

lot of progress," he said. Mr Claes indicated that he had some sympathy for the US viewpoint over such co-operation. In a long-running dispute with France, Washington is insisting on retaining some say over any European military missions that use Nato equip-ment, even if the US is not directly involved.

Mr Claes said "a lot of prog-ress" had been made in refin-ing Nato's plan for a massive operation to oversee a possible UN withdrawal from Bosnia. He said Nato's military authorities were very satisfied by the responses they had received from all 16 members of Nato to their request for help with the operation, which could involve the deployment of up to 40,000 troops.

However he acknowledged that in at least some Nato member states, the final despatch of troops to Bosnia could not be guaranteed until national parliaments had dehated the issue. "You can never speak of a finalised withdrawal plan," Mr Claes said.

regulations in Europe

benefits are available, fostering

competition in goods markets,

improving training, and allow-

ing the long-term jobless to

exchange their benefits for

The wholesale removal of labour regulations would be a naive response to high unemployment in Europe, as the cost of such restrictions is not as high as It looks, according to a report published today by leading economists from six countries.

The report for London's Centre for Economic Policy Research takes issue with last year's jobs study by the Organisation for Economic Co-operation and Development. It argues that the OECD's advocacy of US-style deregulation is sensible neither on economic nor on political grounds.

The study nonetheless opposes minimum wages. in countries where minimum wages are already enforced, the study argues that they should not apply to young workers and that their value should be reduced relative to average earnings. Other recommendations

subsidies to emoloyers who take them on. Perbaps most controverslally, the report also argues that central banks should countenance a temporary boost to inflation in the aftermath of measures aimed at boosting competition in the labour market. By cutting the real value

of wages, this would basten any boost to employment. Europe's labour market is not as "sclerotic" as it is often at similar rates on both sides of the Atlantic and growth of

since the early 1970s.

People in the US tend to move from work into unemployment and then back into

portrayed, the study argues. Jobs are created and destroyed income per head has been higher in Europe than the US

work again relatively quickly,

include reducing the period of although many remain trapped time for which unemployment in a succession of low-paid In Enrope, most move

straight from one job into another, while the unemployed stay out of work for a relatively long time. The study also challenges

the idea that unemployment is high in Europe because unskilled workers there cannot compete with low-paid labour from East Asia, an argument advanced in the European Commission's competitiveness white paper.

The study argues that trade between the industrialised and newly industrialising nations is too small to have much impact on the structure of employment. Competition could be a problem for Europe in the future, with East Asia just as likely to compete for skilled jobs as unskilled ones.

Unemployment: Choices for Europe, CEPR, 25-28 Old Burlington Street, London W1X

Italians to be offered banking without queuing

in railway stations, banks and post offices. But for Italians it signifies that volatile mix of boredom, frustration and illtemper which ignites when, after a long wait, they finally confront a cigarette-smoking official through balf an inch of scratched perspex and are told to come back another day. Now, at last, some of Italy's

1,000 or so banks are to give their busiest clients the oppor-tunity to avoid the sportelli hy introducing genuine telephone banking for the first time in Italy. Banca Commerciale Italiana (BCI), privatised last year, announced yesterday that a new service - Comit On Line would be launched on May 2,

partly modelled on the exam-

ple of telephone banks in the UK, France, Spain, Germany

and the US.

and privatisation. Comit On Line, on the other

hand, is a complementary service, aimed at attracting busy professionals who cannot afford to waste time queuing to pay their electricity bill. There is no contradiction, apparently, in the fact that BCI's fledgling telephone bankers will be drawn from the same staff clients used to accuse of surliness when they

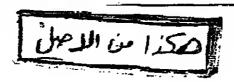
also be able to irritate fellow diners by buying and selling bonds and negotiating mortgage repaymants over the

Comit On Line is hoping for

about 160,000 customers within four or five years, but the competition will be hot on BCI's heels. Indeed, Banco Ambrosiano Veneto, the private bank which BCI tried unsuccessfully to hny last year, said yesterday it was considering the launch of similar service in early 1996. "We are treating telephone banking with a little more cautinn. said a spokesman sniffily.

faced them across the tills in their local branch. matic banking services, which allow clients to dial in on Sportello is a dirty word in Italian. It means "counter", as No doubt BCI and its potentonch-tone phones for basic tial competitors also have information about their curtheir eye on the 8m or more Italians expected to own rent accounts. Comit On Line claims it will be the first sermobile telephones hy the vice manned by real people, beginning of the next decade. They already use the ubiquiwho can carry out more complex transactions over the tous telefonini to call friends from restaurants, theatres and It is appropriate thet BCI open-air cafés: now they will

should be one of the first into the field. as hig state-controlled banks were considered among the least efficient of Italy's many banks until the recent drive for modernisation



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No-confidence vote may bolster

the president's reformist hand

coalition de Aho.

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Deputies in Ukraine oust cabinet

Ukraine's parliament yesterday passed a no confidence motion in the cabinet; but ministers will stay in their posts until President Leonid Kuchma nominates a new government. Deputies in the fractious

chamber voted, by 292 to 15, to force the cabinet's resignation in protest against the govern-ment's radical economic polices. Hardliners, frustrated by Mr Kuchma's control over policy, passed an accompany-ing resolution that labelled reform efforts taken in the past six months as "a failure".

Radical reformers, however, are believed to have backed the no-confidence motion to give Mr Kuchma a chance to clean out a cabinet rife with ministers opposed to economic

The impact on reform will be clearer tomorrow when parliament considers Ukraine's 1995 budget. The government must convince the chamber to approve a further 60,000bn karbovanets (£284m) expenditure cut and a revenue-generating tax package.
The International Monetary

Fund last week delayed a board decision on Ukraine's \$1.8bn (£1.12bn) stand-by loan until parliament passes a final budget with the agreed 7.3 per cent fiscal deficit. An IMF official yesterday called the collapse of the government "unfortunate" but expressed confidence that the now-acting government could get the budget through the chamber...

to challenge Mr Kuchma. But the vote may - as the reformers in parliament hope - play to the president's advantage.

Mr Thor Metiukov, deputy prime minister, said in a redio interview that the cabinet, now outside parliament's purview, would be able to implement reforms with less resistance.

In a state of the nation address immediately after the vote, Mr Kuchma did not mention the no-confidence motion and proceeded to set out an ambitious agenda for the coming months. "I'll accelerate radical economic reform irrespective of the political opposi-tion," he said. "Without unpopular measures, our economy won't survive".

He repeated the call to speed up privatisation this year, devolve certain administrative powers to the regions, force bankruptciea, make the national bank fully independent, and overhaul the lucrative agricultural sector by cutting subsidies and transferring land to private farmers.

in his second significant address on the economy since the July election, Mr Kuchma again sought to reduce parliament's leverage in economic policy by proposing that any changes to the tax structure must receive two-thirds support in the chamber.

Western observers speculate the president might wait to adopt a "mini constitution", setting out strong executive powers and clarifying the ambiguous relationship Some observers worry the between Ukraine's various recalcitrant parliament has branches of government, now gained greater confidence before replacing the cabinet.



Fish may hinder SDP plans to net Iceland's pro-EU voters

celand's Social Democratic party may be struggling against a political climate as chilly as the icy winds still whipping snow about the barren hills around Reykjavik. But it has not lost its appetite for a political fight.

In February, less than two months before this Saturday's general election, the SDP became the first leelandic political party formally to support an application for membership of the European Union. With a majority of Icelanders against such a move, it was a bold initiative by a small party (unlike its sister parties elsewhere in the Nordic region) which is suffering the effects of a deep internal split and struggling in opinion

Mr Jon Baldvin Hannihalsson, party leader and foreign minister in the incumbent coalition between the SDP and the bigger conservative Independence party, clearly hopes the decision will rally pro-EU Icelanders to the party. But it cuts across the issue that dominates the Icelandic economy and forms much of the core of political policy; fish.

The fishing industry in Iceland, a country of

just 267,000 people, accounts for almost 80 per cent of exported goods and half of total export revenues. It contributes up to 20 per cent of GDP and employs about 14 per cent of the workforce. In the 1960s and 1970s Iceland fought tenaciously in "cod wars", chiefly against Britain, to estab-lish exclusive control of and access to fishing grounds in a 200-mile wide zone around the

Membership of the EU would mean ceding sovereignty over the couotry's principal resource to Brussels and the EU's common fisheries policy. At a time of bitter internal and external EU battles over fish, that is a price most Icelanders refuse to pay.

"Iceland is the only independent, industrial nation that is so dependent on the exploitation of wild stocks of animals," says Mr Jakob Jakobsson, head of the country's Marine Research Institute. "As far as I understand the Treaty of Rome, we would lose control of the exploitation of this fundamental resource if we

joined the EU." Iceland cannot afford to ignore the deepening integration of Europe, a continent to which it is historically, culturally and economically tied. It joined the European Economic Area agreement with the EU in 1994, conceding only token access to its fishing grounds in the process.

Hugh Carnegy reports on a divided party's election gamble

Last year it appeared to be under growing pressure to square up to the issue of full membership when applications to join the EU by Austria, Finland, Norway and Sweden threatened to reduce the EEA to Iceland and Liechtenstein. But Reykjavik was effectively released from this pressure when Norway voted against joining the Union last November.

In the campaign for Saturday's election, only the SDP has made the EU an issue, Mr David Oddsson, prime minister and leader of the Independence party, has side-stepped it in his concern to bolster his party's position as the biggest single political party.

According to latest polls, he is in danger of losing out to a drive by four opposition parties

of the centre-left (including an SDP breakaway group) to break up the Oddsson-Hannibalsson coalition and force the Independence party out of government.

The irony of the fish issue in Iceland is that the country has not been very successful in looking after its jealously guarded fish stocks. Total stocks of cod in Icelandic waters have plunged from almost 2.5m tonnes in the mid-1950s to just 600,000 tonnes today - about half of what the Marine Research Institute would like to see as a sustainable level. Only in the last two years has the government begun to cut back hard on cod quotas in a belated effort to rebuild

Icelandic fishermen have been successful in compensating for falling cod catches - cod quo-tas have now been cut to near 150,000 tonnes a year from 250,000 tonnes in 1993 - by netting other species, such as capelin and shrimps. They have also saided to foreign waters, prompting Norwegian objections by fishing in the Barents Sea much as Spanish trawlers have clashed with Canada over fishing off Newfoundland.

Over the past decade the total annual fish

catch has remained stable at about 1.5m tonnes But it is unlikely to grow much. Although fish will remain the core of the Icelandic economy for the foreseeable future, manufacturing indus tries, based on Iceland's cheap bydro and geothermal power, and tourism are likely to be the main sources of growth, with Europe as the

main market and partner.

The SDP argues that, while Iceland should seek a special deal with the EU over fish, membership of the Union is vital to securing the economic future of the country.

But in the election, this is strictly a minority

Moscow keen to shed stake in big oil group

By John Thornhill in Moscow

Rosneft, the big Russian state exercise increasing indepenoil company which accounts for more than a third of the of Fuel and Energy, as the country's output, is to be majority shareholder, will transformed into a joint stock monitor performance. company, it was announced But Rosneft has already won late on Monday. The move sig-nifles Russian commitment to creating an almost entirely privatised industry rather than preserving a state-owned national champion.

The government will retain a 51 per cent state in Rosneft for three years but seems intent on selling the remaining shares on the stock mar-ket. The final structure has still to be determined as the appendices to a presidential decree, which will detail how the industry's remaining assets are to be allocated, has

not yet been published.
Rosnaft, which originally
included 282 enterprises spanning production units to gas stations to research institutes, was devised as a "hospital for sick companies" embracing all the assets which had not been parcelled out among the eight

higgest privatised companies.
The decree incorporating Rosneft - which last year accounted for 130m tonnes of Russia's 315m tonnes of crude raise capital as long as the oil production – follows nine government's 45 per cent months of intense haggling over the industry's structure and appears to be a victory for the pro-market supporters in the government. Some oil industry executives had argued for the creation of a of the first phase of the Rusnational oil champion along sian oil industry restructurational the lines of Aramco of Saudi Arabia or Pemex of Mexico. But Mr Sergei Belayev, head of entitles have been privatised. the privatisation agency, in The next phase will be the corparticular, had argued this would only entrench Rosneft's

company's management to

some lucrative concessions which could transform it into an attractive investment. The company will have exclusive rights to oil and gas extracted under production sharing agreements drawn up with for-

eign companies. This could give it a share of several massive nil projects, including multi-billion dollar deals on Sakhalin island and in the Timan-Pechora basin.

The presidential decree also appears to clear the way for the consolidation of Russia's privatised oil companies. This will enable the holding companies to buy out the minority investors in their operating subsidiaries, although the terms have yet to be finalised. It also appears that Lukoil, one of the largest privatised companies, has won approval to incorporate Perneftegaz,

which will bolster its output. The decree also authorises the privatised oil companies to sharebulding remaina

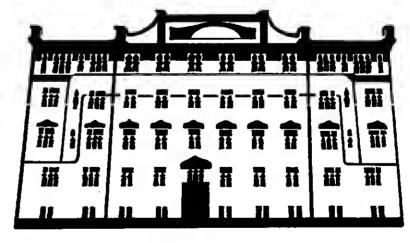
Mr Jerry Rohan, director of Price Waterhouse's oil and gas consultancy division, said the ing. All the holding companies have now been created. All the poratisation and integration of these companies. The industry can only benefit from that."



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Electricity utility Eskom is one bright note for the ANC, writes Mark Suzman

President Nelson Mandela admits that his ruling African National Congress has so far largely failed to meet its year-old campaign promise of providing a "better life for all" in South Africa. But one surprising state sector disclosed last week that it had exceeded expectations.

Eskom, the state-owned electricity utility, said it had surpassed its targets and electrified more than 250,000 black households during 1994.

With Eskom's black customer network expanding at an even faster rate this year. Mr John Maree, its chairman, is confident that the company's target of a further 1.5m new connections by the end of 1999 will be met. For millions of people wbo previously used firewood for cooking and can-dles for light, the arrival of electricity provides an immediate, tangible improvement in their quality of life.

To a cash-strapped adminis tration which recently admitted it had been able to build fewer than a thousand of a promised 200,000 new houses last year, the giant utility's announcement came as a wel-

Even better the electrification project, which costs more than Ribn (£171m) a year, is being funded entirely from Eskom's own resources.

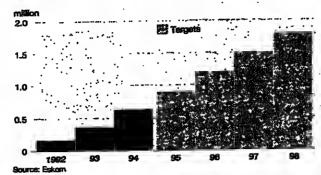
While the programme, one of the main thrusts of the government's centrepiece reconstruction and development programme, may be the most prominent part of Eskom's contribution to the new South Africa, the company is also on the cutting edge of several other critical issue

Along with many local authorities, Eskom was a victim of the rent and service boycotts which have debilitated management of hlack townships since the mid-1980s as dents refused to pay their bills. The government has so far

Nearly 10 per cent of its managers are black

largely failed to reverse the boycott, but Eskom has struck upon a combination of carrot and stick to reclaim electricity payments. By selectively cutting off electricity to non-payers in conjunction with launcbing a door-to-door community education programme, it has been able to boost payment

Eskom: new connections



levels from 20 per cent to 65

More notably, Eskom's in-house affirmative action programme has long been regarded as one of the most comprehensive and successful in the country. Despite losing many of its newly trained recruits to private sector companies, nearly 10 per cent of managerial and supervisory positions are held by blecks, up from just 2 per cent at the

"There is a tendency to assume that affirmative action black advancement is synonymous with lowering standards. That's not our experience," insista Mr Maree, who notes that the company plans to have blacks forming 50 per cent of its managers by 2000. Even more striking, this

transformation from a parasta-tal dinosaur which aimed to do little more than provide easy jobs for whites while maintaining a steady electricity supply for industry, has been imple-mented without sacrificing profits or productivity. Mr Allen Morgan, Eskom's chief executive, said the company's net income for 1994 rose 32.6 per cent to R2.3bn while productivity increased by 5.2 per

cent over the same period. Due to massive expansion of its generating capacity during the 1970s most of which was

never utilised during the eco-nomically lacklustre 1980s, Eskom has the luxury of being able to expand its consumer network without having to build new plants.

Meanwhile, already the world's second cheapest pro-ducer, Eskom is committed to cutting the real price of domestic electricity by a further 15 per cent over the next five years. This will give South Africa a tremendous, and desperately needed, international advantage in energy-intensive industries - a fact already paying dividends in the form of three multibillion-rand projects for the production of stainless steel and aluminium.

Eskom is making plans for expansion in southern Africa

With more than 50 per cent of the continent's electricity capacity (it is the fifth largest electricity company in the world), Eskom is also making plans for regional expansion. It expects to have a new power line up and running to Bulawayo in Zimbabwe by the end of next year and plans to

rebuild the connection to the Cahora Bassa hydroelectric scheme in Mozambique by 1997. If there were no political obstacles, Mr Morgan reckons that Eskom could even set up a fully-functioning electricity grid encompassing the whole of southern Africa within five

While that particular goal probably remains some time away, the company's success is forcing the government to focus on a more achievable aim. With its good profit record, excellent prospects for growth, and total assets of some R47bn, Eskom is the jewel in the crown of state companies being considered for

The ANC recognises the immense windfall revenue selling the company might generate, but remains reluctant to contemplate ridding itself of the one state institution reaping political and economic dividends. "The government is probably going to take a couple of years before it can persuade itself to part with Eskom," predicts one market analyst ruefully. In the meantime, however, the company will be ensuring that nearly a thou-sand black households a day can turn on an electric light

INTERNATIONAL NEWS DIGEST

Algeria imposes restricted zones

Algeria, fearing Moslem militant sabotage of its key oil and gas industries, has imposed strict controls on movements within its energy production zones, Algerian radio said vesterday. The radio, monitored in Tunis, quoted an interior Ministry order saying oil and gas production areas were now

"Movements of people and vehicles on roads passing through energy zones is limited to only national and foreign staff of companies whose activities are related to hydrocarbons (oil and gas) and to local inhabitants," the Interior Ministry order said. These categories of people and vehicles will receive a pass, it said.

Algeria for the past three years has been caught in a battle between the government and Moslem militants trying to overthrow the military-backed rulers. At least 40,000 people have been killed in the violence.

Traffic in the energy-rich desert wilayus (regions) of El Oued, Ouargia, Illizi and Laghouat will also be controlled, the order said. "The strategic importance of these zones for the country's economy imposes special measures to give security fields and the persons and goods contributing to their development," Interior Minister Abderrahmane Meziane-Cherif said in his order. Traffic from and to the borders with Libya will be limited to two routes. Those using them must register departures and arrivals with the authorities, the order said. This latest measure comes after the Algerian newspaper

Liberte on Monday reported that Algerian forces attacked near the border with Libya a convoy of Moslem militants ... transporting arms, apparently smuggled from Libya and

Iran police clash with protesters



At least one person was killed and many were wounded yesterday when police clashed with large crowds of franians protesting against high prices near Tehran. An angry crowd set ablaze several public buildings, government vehicles and a petrol station in the protest at Islamshahr, about 12 miles southwest of Tehran.

witnesses said. Police helicopters fired teargas at lines of demonstrators thatdistricts and attacked banks and shops, they said. A protester said he had heard that several people were killed but this could not be

confirmed. AFP reported that at least 10 people had been killed. Protesters from neighbouring districts had gathered in the morning in Islamshahr, a working class suburb of Tehran, to demand better fresh water supplies. Witnesses said the demonstration turned into a wider protest against economic hardships, including a doubling of fuel prices last month. Witnesses said the demonstrators, led by lines of young men and women, set fire to tyres on the main road which was later

In 1992, Islamshahr was the scene of protests when municipality demolition teams fore down more than 200' illegally built houses and shops. The doubling of fuel prices, approved by parliament, is the latest measure to cut subsidies while the relatively low price of oil. Iran's main export, keeps a lid on the revenue of President Akbar Hashemi Rafsanjani's (above) government. Agencies, Nicosia and Tehran-

Burundi army says '20 dead'

Burundi's army said yesterday it knew of only 20 deaths from a reported massacre of 400 Hutu tribespeople but said it was hunting for the attackers. "There were around 20 dead but I Jean-Bosco Daradangwe told Reuters after diplomats and aid workers said some 400 people, mostly women and children. had been massacred in Gasorwe in the northeast.

The United Nations said in Geneva it had unconfirmed reports of mass killings in two other villages in the east of Burundi. The UN refugee agency called on Burundi's government to provide better protection for Rwandan refugees tiving in camps, and appealed to Tanzania to reopen its border, closed on Friday after an exodus of 50,000 Rwandans from northern Burundi. Tanzania said it was sticking to its decision. Reuter, Bujumbura. See Editorial Comment

Imports increase in UAE

Imports into the three main trading centres of the United Arab Emirates rose in 1994 but both non-oil exports and the commercially significant re-exports declined, according to official reports compiled yesterday. Non-oil exports of the three centres – Dubai, Abu Dhabi and Sharjah – dropped 30

per cent to Dh4.5bn (£752m) compared with the previous year. Figures for oil exports are rarely published and the trade of the other four UAE emirates is of little significance. The imports of Dubai and Abu Dhabi, the most active trade centres, rose by 8.3 per cent to Dh71.5bn in 1994 compared with Dhoobn in 1993. In Dubai and Abu Dhabi, where re-exports are crucial trade indicators, their value dropped 17.9 per cent to Dh11.3bn from Dh13.8bn in 1993.

Abu Dhabi, the wealthiest of the seven emirates, fared the orst in terms of exports. It fell to Dh252m in 1994, down 83.2 per cent from Dh1.5bn in 1993. Abu Dhabi introduced new rules last year excluding exports and re-exports from Abu Dhabi which were trucked to other UAE emirates. That could explain why re-exports also fell 30.5 per cent in 1994 to
Dh894.6m. The oil-rich emirate's imports rose 24.6 per cent to Dh19.3bn, according to the emirate's Customs Department.

Kenyan MPs arrested

Kenyan police arrested two leading opposition MPs yesterday after the government launched a fierce counter-offensive against Catholic bishops who denounced corruption and injustice. MPs Paul Muite and Kiraitu Murungi were picked up with four other people at the Nairobi offices of the Mwangaza Trust, a group banned by the government in February. We have detained them here. But I cannot give any details [on what] led to their arrest," said a senior police officer at Muthangari, in the affluent Lavington suburb. The arrests. came after the government accused the East African country: Catholic hierarchy of being in league with guerrillas and the opposition in a plot to overthrow President Daniel arap Mol's rule. Opposition MP and economist Peter Anyang Nyong'o said others arrested included Robert Shaw, a white Kenyan and economic commentator, and the head of the independent Institute of Economic Affairs, Maina Wachira, Reuter, Nambi

Germans pursue green profit

German companies, combining environmental aims with the pursuit of profit, put their climate-protecting technologies on show at a trade fair linked to the United Nations climate conference. About 250 exhibitors, including Deutsche Bank, huxury car maker BMW, utilities, shipping companies and environmental groups, set out to show that green business is good husiness. Utilities demonstrated co-generation of heat and electricity, while car makers presented fuel saving techniques and alternatives to petrol such as natural gas engines. Bankers discussed how environmental risk factors affect lending decisions and how companies can audit their own investigations. own impact on the environment. About 2,500 German companies are active in the field, with combined annual turnover of DM55bn or 21 per cent of the world market, Mrs Angela Merkel, Germany's environment minister, said. US companies have a 16 per cent market share; and Japan per cent, she said, citing 1992 data Reuter, Berlin

Zambia Privatisation Agency LODGES FOR LEASE

HE ZAMBIA PRIVATISATION AGENCY announces the offering of three major Lodges for lease by competitive

tender: Under Zambian law, bitle to land withio Nabiooal Parks must remain with Government, through the Department of National Parks and Wildlife Service within the Ministry of Tourism. For this reason, the lodges will be privatised by way of a negotiable

RAINBOW LODGE

- Rainbow Lodge looks directly over the Victoria Falls, one of the seven natural wonders of the world. It is located in the Mosi O Tunya National Park, on the border between Zambia and Zimbabwe.
- The lodge was established in 1972.
- guest facilities:
- 36 twin-bedded rondavels,

• Kambow Lodge op

- 19 standard, twin-bedded chalets (on the river bank) 4 two bedroomed apartments - 5 one bedroomed apartments,
- providing by way of management estimates approximately a 35 percent share of the market on the Zambian side of the border. which includes both tourism and conference trade.
- . The main building comprises of the following
- reception
- two shops - terrace bar
- large riverside terrace with spectacular views over the Zambezi river and the Victoria Falls - a restaurant, capable of accommodating 200 people
- a riverside swimming pool.
- In addition, Rainbow Lodge has recently constructed amenities building comprising
- conference facilities (for 50 and 20 people) - a bar capable of accommodating 100 people
- a restaurant capable of accommodating 32 people - an internal courtyard

The Breathtaking view over the Victoria Falls provides the lodge's food and beverage units with a unique atmosphere. The lodge's situation is probably its greatest asset, and provides a significant competitive advantage over other hotels and lodges in

Mackets

- Customer profile 33% Zambian and the remainder
- international (including Zambian residents).

Main competitors - intercontinental 42%, Fairmouot 23%.

- · All management are in possession of the formal and practical training required to perform their tasks adequately.
- There are currently 72 people employed at the lodge including 6
- Training is taken as a serious issue. In addition to on the job training provided to newcomers, Rainbow Lodge periodically sends F and B staff members to the Hotel and Training Institute in Lusaka. "O" Level education is a prerequisite for all employees
- MFUWE LODGE
- Mfawe Lodge, ooe of two permanent structures, is located in South Luangwa National Park, in the east of Zambia, which is one of the most unspoilt and richly populated wildlife tourism areas in the world.
- The lodge commenced operations in 1966.
- Mfuwe operates with a total occupancy capacity of 48, being 12 chalets each comprising 2 x twin bedded rooms, providing 21 percent of the bed nights offered in permanent structures in the area, thus making it the largest facility of its type.
- The lodge building comprises: the reception
- a tourist shop
- a restaurant, bar and terrace. a function room
- small swimming pool with poolside bar.
- Game viewing drives, night drives, walking safaris, visits to crocodile farm and to typical villages in the area complete the

- The principal customers of Minwe are salari tourists, who stay for an average period of two to three days. Other customer groups are business visitors i.e people attending conferences and meebings, and researchers (including Ornithologists). According to the present management, customers can be divided into three main
- groups, as follows : leisure tourists 60%
- business visitors 25% researchers 15%

Approximately 90 percent of the occupancy is achieved from the domestic market. Zambians and Zambian residents living in Lusaka and the Copperbelt wishing to get away from their urban setting for weekends are the main customer group.

Both Mfuwe and Chichele has to compete with private safari operations located outside the South Luangwa National Park. These lodges are generally smaller in terms of the number of rooms available (between 12 and 20 beds), and are mainly located along the Parks eastern boandary, on the baoks of the Luangwa river.

One General Manager is presently responsible for both Milwe

and Chichele Lodges.

A total of 40 people are employed at Mirwe Lodge, recruited mainly from nearby villages, over 80 percent of whom have been trained on the job, but have received little in the way of systematic, formal training. It is considered that there is scope for improvement in staff efficiency, and for corresponding improvements in profitability.

CHICHELE LODGE

 Chichele lodge, ooe of the two permanent structures, is located in the South Luangwa National Park, in the east of Zambia, which is one of the most unspoilt and richly populated wildlife tourism areas in the world.

- · The lodge was established in 1972 as the Presidential Lodge, and was opened to the public some two years later.
- Chichele Lodge operates with 18 rooms and a bed capacity of 39, providing 17 percent of the bed nights offered in permanent its type, after its sister lodge at Mfuwe.
- The main Lodge building comprises
- the reception - tourist shop
- restaurant - a lounge, bar and terrace
- a function / television room
- guest accommodation as described above
- Game viewing drives, night drives, walking safaris, visits to crocodile farm, and to typical villages in the area complete the programme offered.

· Principal customers of Chichele lodge are safari tourists, who stay for an average period of 2-3 days. Other customer groups are business visitors i.e people attending conferences and meetings, and researches (including ornithologists).

Over 90% of the occupancy achieved is from the domestic

market.

 Currently the position of resident manager for Chichele Lodge, is vacant. One General Manager is presently responsible for both Chichele and Mfuwe Lodges and as a consequence Chichele Lodge

is managed from Mfuwe Lodge. A total of 23 people are employed at Chichele lodge, recruited mainly from nearby villages, over 80 percent of whom have been trained on the job, but have received little in the way of systematic, formal training. It is considered that there is scope for improvement in staff efficiency, and for corresponding improvements in profitability.

Bidders will be required to sign o confidentiality ogreement and pay US\$ 300 for receipt of a tender package in case of each Company.

Africa's model country, one of the first to experience transition to plural politics and democracy and o leader in the implementation of a privatisation programme which will establish o market economy led by the private sector. Apart from privatisation, Zambio has put in place sound policies which have, in a short period of time. reduced inflation and stabilised exchange rates. The abolition of exchange controls in January, 1994 made the local currency, the Kwacha, fully convertible. The Zambia Privatisation Agency will facilitate the sale of approximately 160 companies drawn from all sectors of



For further information about bid submission contact:

м Agency (ZPA) is an out ment of Zambia. The function of the Agency is to plan, imples control the privatisation of State owned enterprises in Zambia.

The Chief Executive ZAMBIA PRIVATISATION AGENCY Telefax: 260-1-225270
Telephone: 260-1-222858, 223859, 227851, 221866, 227791, 227846

26th May, 1995.

The closing date for bids is

ASIA-PACIFIC NEWS DIGEST

Philippines alert as town attacked

About 100 people were killed when some 200 heavily armed bandits ransacked a southern Philippine town yesterday, robbing banks and stores and battling troops flown in to quell the insurgency. President Fidel Ramos ordered police and soldiers flown in by helicopter to "shoot to kill" the raiders.

Reports conflicted on the identity of the gummen. Some police officers blamed the Moslem fundamentalist group Ahu Sayyaf for the attack on lpil, a town of 50,000 people about 760km south of Manila, but military officials said they were members of a "lost command" of the autonomy-seeking Moro National Liberation Front. Mr Ramos declared a state of emergency in ipil and placed troops on the entire southern island of

Mindanao on alert.

The summen arrived in boats, two huses and a truck, and some were waiting in position when the signal was given for them to raid four of the town's seven banks simultaneously at mldday. AP and AFP, Zamboanga, Philippines

'Big money' protest in Seoul



The head of South Korea's sixth largest conglomerate joined the troubled ruling party yesterday, signalling the re-entry of hig money into politics and triggering outcries of foul play from the opposition. Mr Kim Suk-Won, chairman of the Ssangyong Group, became a local chap-ter head for the ruling Democratic Liberal party as part of DLP efforts to stem a shift by voters to a newly created conservative group and indepen-

dents in crucial alections in June to select mayors and governors for the first time in 34 years. The move underscored the DLP's anxiety over the local elections, which come when approval ratings for the ruling party are at the lowest since President Kim Young-Sam (above) took office in February 1993. AFP, Seoul

Japan deregulation welcomed

Sir Leon Brittan, the European trade commissioner, yesterday welcomed the economic deregulation plan unveiled by the Japanese government last week as "a step in the right direction". He said it showed that real progress was being made to improve foreign access to Japan's market, and that the authorities had sought to improve the transparency and implementation of their deregulation effort.

However, while Japan's programme met some EU requests for action, it did not go far enough. In particular, it failed to cover public procurement, an area which the Japanese government said was outside the scope of its deregulation plan. Nonetheless, the government had indicated that it was considering EU requests in this area and might respond to them in a separate document.

Sir Leon said that though the plan did not promise overnight changes, it reflected the Japanese government's commitment to pursuing deregulation in the longer-term. His comments, which sought to emphasise the positive aspects of the programme, contrasted with the more critical response of the US, which has described the proposed measures as disappointing. Guy de Jonquières. Bustness Editor

Cambodia concerned at riel

The Cambodian riel, once regarded as not being worth the paper it was printed on, has appreciated in value so much in recent weeks that the National Bank sald yesterday it would intervene. According to official figures, the riel has appreciated by nearly 11 per cent to the US dollar since mid-March.

Following the introduction of new Cambodian notes on March 25, the riel has appreciated at a daily rate of nearly 2.5 per cent. Mr Thor Peng Leath, governor of the National Bank of Cambodia, said: "I am trying to stop more appreciation because, for the businessmen, too much is bad for imported goods." Mr Reza Vaez-Zadeh, senior representative of the International Monetary Fund in Phnom Penh, warned that a further appreciation could lead to an increase in inflation, which fell from 26.1 per cent in December to 18.5 per cent in January. Reuter, Phnom Penh

US backs Russian reactor deal

The US, anxious to smooth ties with Russia and keep a nuclear deal with North Korea on track, has suggested that Moscow could help furnish Pyongyang with non-military reactors. The move comes as US and North Korean diplomats take cautious steps toward establishing low-level ties and as Moscow says it will go ahead with a nuclear deal with Iran

despite strong objections from Washington. Ms Christine Shelly, State Department spokeswoman, said "Russia has signaled that it is interested by a share of that business" in North Korea, adding: "We'd welcome Russian

participation." Under terms of the October 1994 framework agreement, North Korea is to receive nuclear reactors that Washington hopes will come from South Korea. Ms Shelly said South Korea would remain the prime contractor, but that Russia was willing to take on some of the work. AFP. Washington

NZ chief whip resigns



The New Zealand govern-ment's chief whip yesterday resigned following disclosures that he had been calling radio phone-in shows masquerading as an unemployed Maori exploiting the social welfare system. Mr John Carter said Mr Jim Bolger (left), tha prime minister, who was highly irritated by the affair, had accepted his resignation. The telephone calls were revealed at a time of increased racial tension as several Maori groups seized

land and occupied it. Mr Carter said the calls were "intended to be a light-hearted prank" but had turned out to be an error of judgment. He intended to remain an MP.

AFP and Reuter, Wellington ■ New Zealand'a production-based gross domestic product grew at an annual rate of 6.2 per cent in the December quarter, compared with 6.1 per cent in the previous three months. Reuter, Wellington

Hanoi says 3m died in war

Three million communist fighters and civilians were killed in the Vietnam war, according to a first toll of its kind given hy Hanoi 20 years after the end of the conflict. The figure, reported by the official press, said more than im north Vietnamese and Vietcong soldiers and about 2m civilians were killed between 1954 and 1975. But the authorities emphasised tha numbers were "incomplete". AFP, Hanoi

Mr Zahiruddin Khan, Bangladeshi industry minister, yesterday resigned from the cabinet of Mrs Khaleda Zia, prime minister, the United News of Bangladesh said quoting a government statement, AFP, Dhaka

Correction: Asian currencies Two charts showing Asian currency movements in the Financial Times yesterday were incorrectly labelled. Movements depicted were Indonesian rupiah per yen and South Korean won per yen.

NEWS: ASIA-PACIFIC

BJP to review power deal with US group

By Shiraz Sidhva in Panaji, Goa .

India's Hindu revivalist Bharatiya Janata party, which heads the government in Maharashtra following state elections earlier this year, said yesterday it would place under review a \$946.6m (£591m) power plant to be set up by Enron of the US near the state

capital, Bombay.
The party's leadership, concluding a three-day policy-making national executive meeting in Panaji, capital of neighbouring Goa, said it would "not hesltate to throw out Enron" if it was found that other Indian or foreign power companies could offer a better deal through an open tender system.

The party stressed that though it welcomed foreign investment in infrastructure and high technology sectors, it would not permit the "unhridled entry" of foreign investors into the consumer goods sec-

Referring to the eviction of Coca-Cola and IBM from India in 1977, Mr Pramod Mahajan, party general secretary, said: "We may not throw out Coca-Cols, but we will not encourage investment in areas where Indian businessmen are capable of producing world-class

The BJP is confident such a stance will not scare away potential foreign investors. Mr Jaswant Singh, leader of the opposition in the lower house of the Indian parliament, said: "We are a country of 900m English-speaking people with more political stability and a more reliable judicial system than most can offer.

future".

The project has become a test case for future foreign It will test the BJP's stand

on economic reforms. India's largest opposition party, which hopes to form a government at the centre after general elections next year, took power in the recent regional elections in Maharashtra and Gujarat, the country's two most industria-

"India is the investment (destination) of now, and the

In the largest single foreign investment deal since eco-nomic liberalisation in 1991, the Indian government and the then Congress government in Maharashtra state granted Enron the 695MW Dabhol project without any competitive tendering.

Investment in India's infrastructure sector.

Mr Jagdish Shettigar, a memher of the party's economic "think-tank", said: There is no question of rolling back reforms. We will acceler-

ate the pace. We will introduce transparency in government to keep Indian businessmen from being swamped by foreign com-In Bombay, Mr Manobar Joshi, the Maharashtra chief minister, yesterday reiterated his government's resolve to

increase foreign investment.

"Our corrective measures

against Enron Corporation should not deter other investors from investing in Maharashtra," he declared. "We welcome investment from any quarter, provided

there is transparency in the The state government is

state."

But the Enron investment now seems in trouble. Mr Gopinath Munde, Mr Joshi's deputy, will head a cabinet panel to inquire into the financial aspects of the Dabhol power project, its environmental impact on the state, and the jobs it would provide.

"We will not hesitate to Withdraw from the agreement with Enron to purchase power from them if we find the terms do not suit us," Mr Munde said. Mark Nicbolson adds frnm New Delhi: Mr Laloo Prasad Yadav, leader of the left-wing Janata Dal party, is due to he sworn in today for a second successive term as chief minister of the eastern Indian state of Bihar, following his party's victory in state elections.

last night's count, with 304 of the 320 results declared in elections in India's second most populous and poorest state. The JD will rule in partnership with a number of smaller left-wing parties.

Counting in 11 constituencies has been suspended pending inquiries, while results in four were countermanded following the deaths of candi-

dates, The Bihar elections were postponed by India's Election Commissioner after widespread violence up to and dur-

ing the first days of polling. The central government imposed direct rule from New Delhi on March 28 to permit the state to operate during the interregnum. The BJP will form the opposition with 40 seats, while Congress won just The JD had won 154 seats hy

'Borderless guru' hits brick wall

Politicians are not so keen on reform, William Dawkins writes

Japan's most famous management guru, Mr Kenichi Ohmae, is beginning to discover that the Japanese politi-cal world is less keen on reforming itself than were his corporate clients.

Mr Ohmae, 52, former chief of the Tokyo office of McKinsey, the US management consultancy, recently gave up preaching creative strategies to Japanese managers, to try to

shake up the government. To this end, he will stand for the governorship of Tokyo, the most senior Japanese political job decided by direct vote, in local elections on Sunday.

Early polls give Mr Ohmae scant chance of victory in a field of six, led by a former member of parliament and a retired senior bureaucrat.

The mixed progress of Mr Ohmae's new mission reveals much ahont the struggle between evolution and revolution now going on in Japanese government, which is being followed closely by Japan's trade partners eager to see Japan pull back the frontiers of the state and permit a more open economy.

Whoever is elected the city's top man - and it is an open field because of a large floating vote - would control an annual budget worth \$80bn, for a city economy hig enough to qualify for membership of the Group

of Seven. Mr Ohmae would like Tokyo to take more control of its own affairs from central government and become a significant player in the "borderless world" of interlinked economies described in one of his more than 50 books.

Mr Ohmae is the most prominent of the three political outsiders, including a former Wall Street investment hanker and the inventor of the floppy disk, standing against the two front runners for the Tokyo job. The two are Mr Yukio Aosh-

ima, a television personality and former MP standing as an independent, and Mr Nohuo Ishihara, until recently deputy chief cabinet secretary, which made him the Shogun of the more attention to consumers



Ohmae: has found the world of politics 'Machiavellian and dirty'

central hureaucracy, the exemplar of all that Mr Ohmae's

reformers oppose. Mr Ishihara, who has crossparty backing, is the establishment candidate, with the advantage of a rich and professional electoral machine.

Mr Ohmae has found the clubbish world of Japanese polities to be anything but border-Outsiders are not welcome.

"I hadn't really prepared myself for how ugly the political pressure would be. It's Machiavellian and dirty," he admits. He has had to face pulp mag-

azine campaigns alleging.

absurdly, that he is a CIA agent, a reflection of the suspicion that Mr Ohmae has sold out to the gaijin (foreigners). While painful, all that is the stuff of daily politics in Japan. An even tougher challenge for Mr Ohmae, and for anyone trying to break new ground in Japan's conservative politics,

is how to differentiate himself

from those who merely pay lip service to reform. Mr Ohmae talks about shifting decision-making from the Mr Ishiharas in the all-powerful central bureaucracy down and citizens than producers and vested interests

Japan's lnward-looking establishment, based on cosy tles between politicians, bureaucrats and business, serves it and its international partnera hadly, Mr Ohmae argues. Now it is time for Japan to become a more active member of the global economy and for its people to determine their own fate, he says.

Central government has become paralysed by arcane procedures and battles between ministries, be contends, citing how the Kohe earthquake was a tragic example of how the "bureaucracy is immobile, incapable of acting with sympathy for people".

More mundane examples of this are central government's refusal to give consent for a refuse inclnerator, to be moored on a barge in Tokyo hav, on the curious rationale that it did not qualify as an ocean-going vessel; and the need to obtain 12 different ministries' approval to open bicycle parks for commuters. Local governors could handle such matters more sensibly, he believes

Mr Ohmae hlames governto local governments, paying ment regulation for Tokyo's poor housing and inadequate

offer olive branch infrastructure. If elected, Mr Ohmae would declare that in Spratlys row Tokyo recognised all reputable foreign huilding codes and invite a buge building programme of cheap, high-quality

North American housing.

Yet all these are well tried themes. Mr Morihiro Hosokawa, once the most popular Japanese prime minister since the second world war, was the first to capitalise on them in terating claims and Hanoi 1993 - inspired by himself, Mr angrily accusing Taiwan's mili-Ohmae says. Almost every tary of shooting at a Vietnamambitious politician in Japan ese cargo vessel cruising in the has since tried to do the same.

Of course, vision alone is not enough, as Mr Ohmae argues in one of his management textbooks. Practical change. achieved through daily slog, is needed to implement change, and this is where he may be China Sea. able to differentiate himself from the competition.

To this end, Mr Ohmae is seeking to establish a league of local authorities, which has so far attracted six of Japan's 47 provincial governors, to discuss his agenda for change. He has launched another

group, of 88 members of parliament, to prepare private bills, a rarity in the Japanese Diet, proposing the decentralisation of government. But it has been a struggle for Mr Ohmae to make his own

profile as popular as his plat-form. His political study group, called Reform of Heisel, after attracted only 35,000 members. a long way short of the target of 1m members by 1997 which he set on launching it two and a half years ago. Mr Ohmae blames the public's apparent indifference on the educational system. "The

ministry of education has done a wonderful job of persuading 120m Japanese that their fate is handed down to them by the government," Mr Ohmae said. "I am having an uphill battle persuading people this is not By Laura Tyson in Taipei and Reuter in Bratislava The disputed Spratly Islands' role as a lightning rod for regional rivalries intensified this week, with countries rei-

Taipei and Beijing

But at the same time both Taiwan and China, two of the six Spratly claimants, urged a co-operative solution to the future of the potentially oilrich archipelago in the South

"Vietnam holds it is an extremely serious action violating territorial sovereignty of Vietnam over the Spratly archipelago, causing tension and threatening peace and stability of the region," Vietnam's foreign ministry declared, in response to an incident said to have occurred on March 25. Then, an unknown number of shells were fired from the Taiwan-held Taiping fsland in the direction of the vessel, the

Bien Dong 80. Taipei restated its own territorial claim to the Spratlys amid widening controversy over a bungled police patrol the current imperial era, has mission to the islands. "Historsovereign claim in the Spratly Islands." said President Lee Teng-hui, in a rare press conference yesterday on his return

from a trip to the Middle East. The Islands are claimed wholly or in part by China, Vietnam, Taiwan, the Philippines, Malaysia and Brunei, in tandem with the US's shrinking military presence in Asia. many countries in the region fear a resurgent China may seek to exert its influence

beyond its borders.

Mr Qian Qichen, Chinese foreign minister, sought to allay such fears by saying yesterday that Beijing wanted to quell controversy over the Spratlys and urged common use of the archipelago. "China's standpoint is that we want to abandon the controversy and manage the islands together." he

told a news conference in Bratislava In February, the Philippines accused China of huilding a possible naval support installation on a reef claimed by Manlla. "China has built on these islands civilian struc-tures with uo military charac-

ter at all. They were built only to accommodate the work of our fishermen," Mr Qian maintained.
Mr Roberto Romulo, Philippine foreign secretary, said on Monday the issue was likely to be discussed in talks between China and countries in the Association of South-East Asian Nations this week in the Chinese city of Hangzhou. Beijing has rebuffed calls for o

regional conference over the dispute, saying issues should be hammered out in bilateral talks. China and Vletnam have aiready agreed on such talks. In Taipel. Mr Lee sald he would prefer the resources of the South Sez region were developed on a "co-operative basis". Taiwanese forces occupy Taiping Island, the

largest in the group, which is also known as ltu Aba. Taiwan opposition legislators yesterday sought the resigna-tion of Mr Huang Kun-buei, interior minister, over his role in a planned patrol of the Spratlys by armed maritime police boats over the weekend. Citing a desire to avoid con-

frontation, the police com-

mander aborted the mission.

Bhutto will seek to mend fences on her US visit

Nuclear policy still divides, writes Farhan Bokhari

s Benazir Bbutto, Pakistan's primition a minister, hegins a week-long visit to the US today, seeking to improve her country's troubled relations with Washington. She is the first Pakistani leader to undertake an official visit there in more than five years during which relations between the one-time cold war allies have been strained.

using Pakistan of seeking to produce nuclear weapons. Pakistan continues to resist US demands to open its nuclear facilities for international inspection unless India does the same. The official US position continues to be that

assemble a nuclear weapon Ms Bhutto's government has tried during the past year to establish, in the words of Pakistani officials, "a new partnership" based on "changing realities" after the collapse of the Soviet Union. American businesses have been encouraged to benefit from Pakistan's economic reform programme and invest in the country, especially in the recently deregu-

lated energy sector.

alleged drug barons from Pakistan to face charges in the US last Sunday, just before Ms Bhutto's departure, is intended to signal Islamabad's commitment to fighting drug abuse, western diplomats say. Last month, Pakistan extradited Mr Ramzi Yousef, who a US court alleges masterminded the bombing of the World Trade Center in New York in 1993.

The sanctions have curtailed In 1990 Washington froze its the supply of economic aid and large economic and military military hardware from the US, once Pakistan's most aid package to Islamahad, accimportant arms supplier. Some sales of munitions and parts for systems the Pakistanis already have have been allowed, as has some humanitarian aid. But hig-ticket Items, such as part of an order of 71 F-16 fighter aircraft, have been both Pakistan and India could held back.

There are no signs that the sanctions, imposed under the "Pressler amendment", are likely to be lifted. The Pressler amendment requires the administration to certify that Pakistan does not possess a nuclear weapon, which administrations since 1990 have

But Ms Bbutto is keen to project her country's image as an important western ally in the south Asian/south-west Aslan region. She said recently: "An old (American) Islamabad is also keen to friend, an ally, a frontline state combat Islamic fundamentalagainst extremism, militancy, ism and narcotics, two issues terrorism and the narcotics of interest to the US administration. The extradition of two trade is being undermined.

declined to do.

Should the US not review Its policies to strengthen a moder-ate Pakistan?" She would also be meeting American husinessmen, to seek more investments to Pakistan, she said. We are very pleased with corporate America which has openly endorsed our policies."

At home, Ms Bhutto's gov-ernment faces difficult economic and political challenges including continuing violence in the husiness capital, Karachi, which claimed the lives of two US consulate workers

recently. On the polltical front Ms Bhutto's ruling Pakistan Peo-ple's party and the opposition Pakistan Moslem League led hy Mr Nawaz Sharif have shown few signs of agreeing on important issues such as constitutional reforms that would strengthen the country's frag-

ile parliamentary democracy. Ms Bhutto's critics maintain that her visit will be of limited benefit unless her government hecomes stronger at home.

Mrs Ahida Hussain, Pakistan's former ambassador to the US and now an opposition leader, said: "Any leader's ahility to impress friendly governments anywhere dependa increasingly on how a leader is viewed in one's own country." She added: "If a fair appraisal is made of Pakistan, it would not go unnoticed that the ability of the government to satisfy Pakistani people has not been on the high side."

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Facsimile 0171-233 0054



Primary energy demand by fuel

theliaviupe to sennot notific

100 G

China may need \$1,000bn for energy

Annual demand for energy in China will climb to 1.94hn tonnes of oil equivalent by 2015 from 750m in 1993 if present policies of decentralisation and progressive price liberalisation continue, according to a study by DRI/McGraw-Hill.*

The investment required to meet this demand could reach \$1,000hn, of which slightly more than half would go on electric power generation. For-eign capital would account for some 20 per cent of the total. the report forecast.

But the profile of China's energy market depends beavily on the policies adopted by the government, it said, and substantial variations can be expected from province to

Overall demand would be some 6 per cent below the central forecast by 2015 if price reform is held back over the next five years to combat infla-

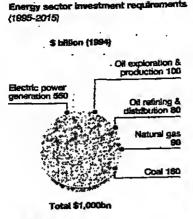
energy prices would deter investment and prolong shortages. Gonsumption would he particularly depressed in southeast coastal provinces

with few indigenous resources. DRI/McGraw-Hill said investors in Asian power projects must therefore take account of both regional and national policy in selecting projects.

Overall energy consumption will not be much affected if China recentralises economic policy to hoost growth in inland provinces and balance economic growth through the But significant variations in

primary energy demand would result. In Guangdong it would fall 21 per cent below the central forecast by 2015, whereas to Sicbuan it would he 10 per cent higher

Such a development would also see a relatively heavier reliance on coal and natural gas. If by contrast price reforms are deferred, all fuels would be affected hy lower on. demand. Natural gas and oil Keeping state control over would see the largest decline China's energy needs: the leap foward to 2015



because the development of natural gas depends on significant investment in transmission and distribution grids, while the satisfaction of oil demand depends on the tripling of refining capacity

Foreign investment in the energy sector is likely to be concentrated in oil and gas exploration and production, oil refining and power generation, rather than in coal production and transport, where as yet foreign companies have not 60 25 05.

been invited to take a major role.
*China's Energy in Transition pp447, price \$17,000, available from DRI International Energy Consulting, 8-10 rue Villédo, 75001 Paris, France, Fax 331 42

Hydro/nuclear 13.1

Natural gas 15.1

Hydro/nuclear 79.0

Vatural gas 85.3

Coel 1,251.8

OF 151.4

Coat 570.3

EU draws up plans on banana regime

The European Commission yesterday agreed changes to the EU's controversial banana regime for African, Caribbean and Pacific countries in an effort both to simplify the system and to take account of EU

enlargement. The regime, which includes securing preferential access to the EU market for ACP producers over cheaper "dollar" bananas from Latin America has been criticised by the World Bank, the US and Latin

American producers.

The changes still to be agreed by EU member states, are unlikely to satisfy some EU member states. Germany wants the entire benana sys-tem scrapped while others, such as the Netherlands, Denmark and Belgium, want a radical overhaul.
"This is a simplification of

the system which everybody should support but the banana regime has always been a divisive issue for the Community, an EU official said.

A commission official warned that without change, present quotas would be insuf-ficient because of the accession of Austria, Finland and Sweden, which could lead to e shortage of bananas by the end of the year.

The changes, prepared by Mr Franz Fischler, EU commis-sioner for agriculture, include an increase of 353,000 tonnes in the quota to 2.6m tonnes for the 15-strong EU.

He has also proposed simplifying the management of the import system for traders. The three-year rolling average used to work out the allocation for traders would be changed to

two years. Mr Fischler also proposed stripping away different weightings used to allocate licences to operators. New licences would be worked out on the basis of historical trading activity.

The regime, introduced in July 1993, was set up to replace national restrictions on

WORLD TRADE NEWS DIGEST

Foreign projects in Vietnam rise

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A CENT

Vietnam has approved foreign and domestic investment projects worth \$2.1bm in the first quarter of this year, more than half the amount approved in the whole of 1994. The foreign investment licensing body, the State Committee for Co-operation and Investment (SCCI) said it had licensed 87 co-operation and investment (SCCI) said it had incensed 87 foreign investment projects worth \$1.8bn in the first quarter. Tourism and hotel projects accounted for 57.6 per cent. of the new projects and industrial ventures 22 per cent. Foreign investors say approvals have been moving faster for some months, mostly as a result of a moderately successful reduction in red tape. Only about a quarter of the total \$11hn in foreign investment so far pledged has been translated into active projects, mostly because of licensing backlogs. Vietnam hopes to attract between \$5.5bn and \$6hn in total approved. investment this year, SCCI officials said. Our Hanoi

Samsung, Nintendo end dispute

Samsung Electronics of South Korea has reached an samsung stectronics of South Rorea has reached an out-of-court settlement with Nintendo of Japan over a US patent dispute involving Nintendo's video game software. The two companies will re-open business deals, Samsung said. Nintendo filed a damages suit in January with a federal district court in Seattle against Samsung, claiming that the South Korean company had copied and sold its integrated court in seattle against Samsung, claiming that the aware that they would be misused by the manufacturer.
Nintendo's suit prompted a counter-lawsuit from Samsung in
February- According to Samsung, Nintendo recently
acknowledged that Samsung had not pirated the Nintendo products and that the products had been supplied by a third party. The two companies expressed satisfaction that the patent dispute was over, Samsung said. Kyodo, Seoul

Contracts and Ventures

■ US telecommunications glant Motorola said it would boost its investments in China to \$1.2hn by 2000 from \$230m at the end of 1994. Motorola (China) Electronics said the expansion would include a \$360m investment in its Tianjin factory, where it makes pagers and mobile telephones. An advanced semiconductor factory is also planned. Motorola will also lift the domestic content of its components to 50 per cent by 2000 from the current level of 30 per cent. Reuter. Beijing South Korea's state-funded Korea Land Development Corp (KLDC) has agreed to develop a 427,000 sq m lot in Shenyang, in China's northeastern Liaoning province, into an industrial complex exclusively for South Korean companies. South Korea will pay \$1.76m for a 50-year lease of the land within the Shenyang Economic and Technical Development Zone, a KLDC spokesman said. Preparatory work will be completed by the end of 1996 and all related construction work will be undertaken by South Korean contractors. Reuter, Seoul

A Spanish consortium of four railway construction and engineering companies has signed an agreement with the Philippine government to build a \$600m railway from Manila to Clark Air Base, a former American airforce enclave. The nemorandum of understanding requires Euroatom - the Spanish group, led by Constructiones y-Auxiliar de Ferrocarriles — to lay the 67km railway line by 1998 in time for the start of the construction of a proposed new international airport at Clark. But the agreement partly depends on whether the government decides to upgrade Manila's Ninoy Aquino International Airport, to divert air traffic to the planned site at Clark Air Base, or both. Edward Luce, Monila

Germany begins Indonesia catch-up

Michael Lindemann on interest in investment opportunities so far waived

For more than 20 years, Mr Fritz Kleinsteuber has been trying to get German companies to invest in indonesia. This week could possibly be the sweetest since be first arrived in Jakarta. As head of the German

chamber of commerce in the Indonesian capital he has repeatedly tried to appraise German companies of the advantages of doing husiness in indonesia.

Now as President Suharto of Indonesia makes his third and higgest visit to Germany, there are signs that Mr Kleinsteuber's work bas not been in

Indooesia is the guest country at the Hanover trade fair, the world's largest industrial fair, and a series of contracts have been signed beralding the start of a German catch-up on other investors in the southeast Asian archipelago with a population of 190m.

One problem, he says, is that for decades many German com- it has been growing at an

Indonesian-German deals due to be signed

during President Suharto's visit are: A consortium headed by Siemens, the power

and engineering group, will sign a \$1.6bn coo-tract to build Indonesia's second large private power project, called Paitoo II. comprising twn coal-fired power stations in East Java. Asea Brown Boveri will sign letters of intent

for the construction of two power plants. Audi, the performance car division of Volks-wagen, will sign a contract with PT Garuda

investments," he said.

TENDER NOTICE

UK GOVERNMENT

ECU TREASURY BILLS

For tender on 11 April 1995

The Bank of England announces the issue by Her Majesty's Treasury of ECU 1,000 million nominal of UK Government ECU Treasury Bills, for tender on a bid-yield basis on Tuesday, 11 April 1995. An additional ECU 50

million nominal of Bills will be allotted directly to the Bank

of England for the account of the Exchange Equalisation

2. The ECU 1,000 million of Bills to be issued by tender will be dated 13 April 1995 and will be in the following

3. All tenders must be made on the printed application

3. All tenders must be made on the printed application forms available on request from the Bank of England. Completed application forme must be lodged, by hand, at the Benk of England. Customer Settlement Services (formerly Securities Office), Threadneedle Street, London, London not later than 10.30 a.m., London time, on Tuesday, 11 April 1995. Payment for Bills allotted will be due on Thursday, 13 April 1995.

4. Each tender at each yield for each maturity must be

made on a separate application form for a minimum of ECU 500,000 nominal. Tenders above this minimum

5. Tenders must be made on a yield basis (calculated on

the basis of the actual number of days fo maturity and a year of 360 days) rounded to two decimal places. Each

application form must state the maturity date of the Bills for which application is made, the yield bid end the

6. Notification will be despatched on the day of the

tender to applicants whose tenders have been accepted in whole or in part. For applicants who have requested credit of Billa in glohal form to their account with ESO, Euroclear or CEDEL, Bills will be credited in the relevant systems against payment. For applicants who have requested definitive Bills, Bills will be available for collection at the Customers Settlement Services for

requested definitive Bills, Bills will be available for collection at the Customer Settlement Services, Bank of England after 1.30 p.m. on Thursday, 13 April 1995 provided cleared funds have been credited to the Bank of England's ECU Treasury Bills Account No. 59005516 with Lloyds Bank Plc, International Banking Division, PO Box 19, Hays Lane House, 1 Hays Lane, London SE1 2HA. Definitive Billa will be evailable in amounts of ECU 10,000, ECU 50,000, ECU 100,000, ECU 500,000, ECU 1,000,000 and ECU 10,000,000 nominal.

Her Majesty's Treasury reserve the right to reject any or part of any tender.

8. The arrangements for the tender are set out in more detail in the Information Memorandum on the UK Government ECU Treasury Bill programma issued by the Bank of England on behalf of Her Majesty's Treasury on 26 March 1989, and in eupplements to the Information Memorandum. All tenders will be subject to the provisiona of the Information Memorendum (as

9. The ECU 50 million of Bills to be allotted directly to the Bank of England for the eccnunt of the Exchange Equalisation Account will be for maturity on 12 October 1995. These Bills may be made available through eale and repurchase transactions to the market makers listed in the Informatinn Memorendum (as supplemented) in

10. Copies of the Information Memorandum (and

eupplements to It information Memorandum (and eupplements to It) may be obtained at the Bank of England. UK Government ECU Treasury Bills are issued under the Treasury Bills Act 1677, the National Loans Act 1966 and the Treasury Bille Reguletiona 1966 as amended.

order to facilitate settlement.

Bank of England 4 April 1995

must be in multiples of ECU 100,000 nominal

amount tendered for.

ECU 200 million for maturity on 11 May 1995 ECU 500 million for maturity on 13 July 1995 ECU 300 million for maturity on 12 October 1995

annual rates of around 7 per panies are happy simply to export to Indonesia the way they have done for the last 100 cent over the last decade and because it makes up more than years since the first German half the 350m people in Asean, traders arrived. "Eight out of the south-east Asian trading the 10 deals done here involve hloc, which is planning to trading - only two are actually reduce tariffs on locally made

goods over the next 10 years. In recent years Mr Kleinsteu-That bas meant that Ger-mans bave lost out to other ber helped Wella, the German investors, mainly the Japanese cosmetics group, move production to indonesia but saw and other Asian countries, who are prepared to invest in local Volkswagen, Europe's largest production and belp indonesia car maker, withdraw in the early 1980s, partly to relocate to China. Other German carhulld its industrial hase. These investors regard indonesia as attractive because makers bave also kept out.

gone so far as to huild some models specifically for local consumption, to win most of the market.

Mataram Motor to assemble the A4 model from

Indonesia has agreed in principle to make the German state of Lower Saxony the centre

for the assembly and marketing of its aircraft.

notably the N-250 passenger aeroplane being

built by IPTN, the state-owned manufacturer.

Bayer and PT Polkrik Chemicals will set np

a joint venture to make textile dyes in Cikande,

Indonesia. A total of DM90m (\$65m) will be

completely knocked down kits.

The result is that since 1967 invested DM267m (\$191m) in Indonesia, considerably less than the DM550m that has been invested in South Korea or the DM309 invested in Thailand, both smaller countries. Germany is twelfth on a league table of foreign investors in Indonesia and trade between the two countries amounted to DM6.3hn in 1994.

of the Indonesian economy are still owned by President Subarto and his family. Since investments depend

they have heen wary about

investing because large parts

heavily on patronage from the presidential clan, there is a considerable risk that investments might be sidelined if the 74-year-old president was toppled or succeeded by a different political faction, they say, Worst of all, say German husinessmen in Jakarta, is the

facf that Germany has not taken advantage of a country where thousands of managers received German educations. After independence from the Netherlands in 1945, hundreds of Indonesian students crossed the border to Germany. One

result is that four members of President Suharto's cabinet were educated in Germany, Including Mr BJ Habibie, the minister for research and technology, who is trying to secure more German investment in

CONTRACTS & TENDERS

DE ENERGIA



USINA HIDRELÈTRICA DE SALTO CAXIAS INTERNATIONAL CALL FOR TENDERS C-201 **TURBINES AND REGULATORS DEADLINE POSTPONEMENT**

The Companhia Paranaense de Energia - Copel, announces that aresentation of proposals and qualification documents for the International Call for Tenders C-201 was postponed to April 20th, 1995 at 2:00 pm.

Address: Edifício Sede da Copel's auditorium at Rua Cel. Dulcidio, 800 - 10th floor

All other conditions remain unaltered.

GOVERNO DO ESTADO DO PARANÁ

LEGAL NOTICES

No. 801152 of 1995 IN THE HIGH COURT OF JUSTICE CHANCERY OVESION

IN THE MATTER OF IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY CAVEN that a Court trider dated 79th March 1995 confirming the reduction of the capital of the shore many company from L3250(L80) to £1,75(L90) was registered by the Register of Companies, and the sala reduction of the capital of the above named company takes effect as from J1st March 1995.

A copy of the said Order will be furnished to any such person requiring the same by the undermentoused solutions on payment of the regulated charge for the same. DATED aleb 3 (vi day of March 1995

CHARLES IVEY LIMITED

and the chambab been duly admitted under the of the Inschency Rules 19th and (b) there has been lodged with us any princy creditors wrends to use on his behalt.

Cated the 3 April 1995 V M BARSTOW and N BUDDIOCE ions may obtain a copy of the report, first of charge, on Mean to the love Administrative Receivers at 186 City Landon ECTV 2NU

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IN THE HIGH COURT OF JUNTICE CHANCERY DIVISION

MR REGISTRAR BUCKLEY IN THE MATTER OF
Ensemb Heldings Clerked
-andEN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Uniter of the High Clert of Justice (Chancer, Diversion) dated N March 1995 conforming the reduction of the device named Company from 13,000,000 to 12,138,486 and conforming the and confineing the Salar Preciping Account of the above named Company by ENGLAIF and the Manne approved by the Court chaving with respect to the capital of the Court pury the several particulars required by the above-mentioned Act were registered by the Registers of Companies on 31 March 1995.

IN THE HIGH COURT OF INSTICE

IN THE MAITER OF

NOTICE IS REREBY GIVEN that the Order of NOTICE IS HEREBY GIVEN that the Order of the High Court of Instice (Chancer) Division) dated 79 March 1995 confirming the reduction of the capital of the above-timed Company from 22-min (100 to 22 and the Minute approved by the Court showing with respect to the capital of the Coupany the several particulars required by the above-in-sistenced Act were registered by the Registers of Companies on 30 March 1995.

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William Continue

OSes

It must be a funny old world for the big four telecom companies.

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They're prepared to offer intimate "local knowledge" of far flung places.

Yet they're all rooted firmly in just one country.

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And if they decided to route the calls through the Mercury switches in the UK then they can. (They do.)

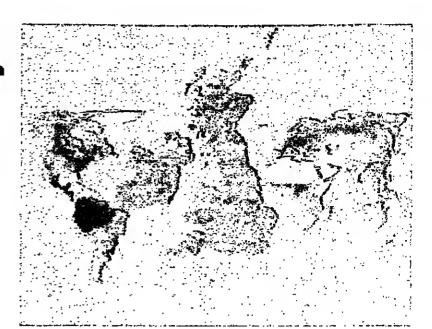
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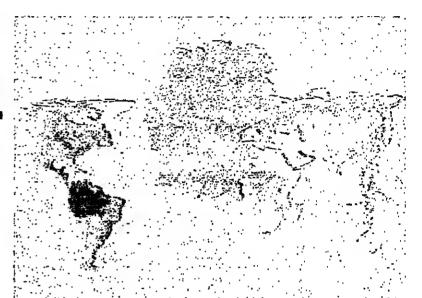
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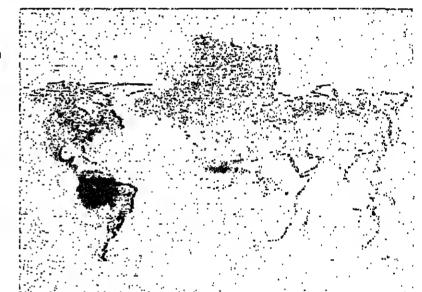
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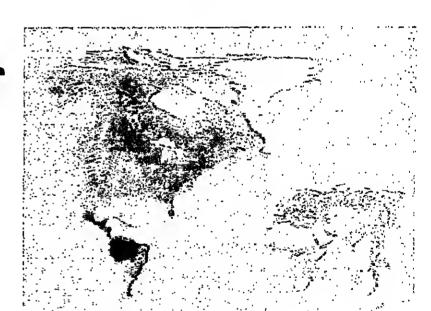
to Deutsche Telekom.



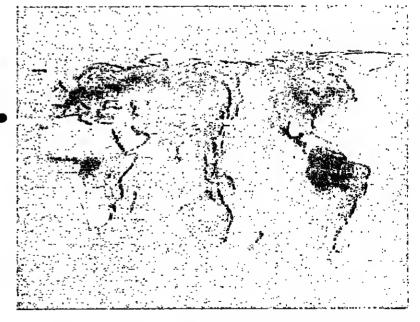
to FRANCE Telecom.



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CARIF & WIRFIESS EEDERATION

An affiance of the world's most creative communications companies

By Stephen Fidler, Latin



Central banks lised countries. including the US. are disto Argentina of

Mexico is now

past the worst,

says Ortiz

Mexico's finance minister. Mr

Guillermo Ortiz, said yesterday

he believed Mexico bad turned

the corner following the finan-

cial crisis provoked by the peso

devaluation in December and

announced plans to begin talks

with commercial banks on rais-

ing between \$1bn and \$1.5bn from international banks.

He said some of the pressure

was off the economy because of

the reduced rate of deht repay-

ments coming due in the sec-

ond quarter. During the first

quarter, he said Mexico had

paid down some \$15.6bn in for-

eign debt - of which \$11bn had

come from the country's inter-

national support package and the remaining \$4.6bn had been

generated by the economy. During the second quarter, only \$3bn in debt repayments

Mr Ortiz said there was suffi-

cient international financial

support to meet second quarter

maturities, a view reflected by

other finance officials at the

annual meeting of the Inter-

One international finance official said talk of a technical

shortfall of international

finance in the first half of the

year was lil-founded. "There is

no way this thing would be

allowed to fail because of some

problem with the hydraulics".

American Development Bank.

were to come due.

By Stephen Fidler

\$1bn, international financial officials said yesterday in Jerusalem, where the annual meeting of the inter-American Development Bank takes place

They said the loan was being discussed by central banks under the auspices of the Basle-based Bank for International Settlements (BIS) and the US Federal Reserve.

Unlike the recent \$10bn central bank financing announced as part of the \$50bn rescue package for Mexico, the proposed Argentine loan would provide a bridge to finance recently agreed by the international Monetary Fund and World Bank. This more traditional use for BIS finance is likely to be less controversial

Mr Ortiz said that the Mexi-

can economy had reacted rap-

idly to the economic austerity

package that had been put in

place. The country would probably be developing a current

account surplus by the second

This might possibly allow

some build-up in foreign

exchange reserves and allow the government to set, if neces-

sary, another exchange rate

regime. The peso is currently

repaid \$14hn of tesobonos -

short-term dollar denominated

government debt during the

first quarter - though not all

of these were in the bands of foreigners. The government

bad also repaid \$2hn in other

sbort-term public debt, while

commercial banks had repaid

\$3bn in maturing certificates of

deposit and other private sec-

However, in the second quar-

ter, \$6hn of tesobonos is to

come due and a further \$3bn of

other short-term deht, Further-

more, between April and

November very little private

commercial debt matures, with

the exception of some bonds

from the airline Aeromexico.

In the second quarter, a further \$5hm was available from the US and funds would be available from its own

which come due in July.

tor dehtors had repaid \$1.5bn.

Mr Ortiz said Mexico bad

half of the year.

floating freely.

Mr Domingo Cavallo, Argentina's economy minister, said foreign governments were discussing a \$1.2bn credit for Argentina. Some \$5.4bn of loans have been agreed - the IMF with a \$2.4bn standby loan, the World Bank with

\$1.3bn. and the IADB. Argentina is also raising \$2bn through an issue of honds. \$1bn to domestic subscribers and \$1bn to foreign banks. The domestic portion of the bond was oversubscribed and Mr Cavallo had hoped to announce the completion of the foreign portion at the Jeru-

However, bankers said yesterday that while most US nanks and some European banks had made commitments to the bonn issue, agreement had yet to be obtained from some European banks. Nevertheless there was some optimism among financiers that the bond issue would eventu-

ally be successful. The slow pace of raising tinance from Argentina and the failure of a previous attempt to raise a \$3bn loan from international banks as part of a Mexican rescue pack-

that the risk weighting for

Mexico, which reflects the

amount of capital that must be set aside by banks lending to the country, fell at the start of

The move, that will also

reduce the capital that deht

traders must hold against holdings of certain Mexican securi-tles, reflected Mexico's entry last year of the Organisation

for Economic Co-operation and

Development. Higher capital

requirements were levied on

Mexico until after the fifth

anniversary of its last deht

rescheduling, completed in

this month.

age show the changed priorities of banks since the 1980s and that most have a relatively small part of their portfolin tied up in the countries.

The structuring of the finance as a bond, bowever, means that most international banks must mark its price to market levels. Given the interest rate on the bonds - three percentage points over London level implied by the market in existing Argentine bonds, this suggests that some banks would have to take the bonds on to their hooks at a discount.

will not limit its members

Government shareholders nf the International Investment Corporation, the private sector investment arm of the Inter-American Development Bank, have agreed to expand the membership of the institution to nnn-members of the bank -Including Taiwan.

They decided to members of the Interna-tional Monetary Fund, member, to jnin,

Taiwan has close ties with snme central American and nther states in the region hut the possibility that China might want to join the IADB had seemed likely to thwart its membership of the IIC.

As well as deciding not to impose conditions on would-be sbareholders, the annual hnard of governors meeting agreed to treble the allowed deht-to-equity ratio of the IIC, which has \$200m of capital, to 3:1 and to ease requirements which restricted IIC projects to those majority-owned hy Latin American entities. No decision was taken nn whether to allow the IIC to form subsidiaries in member countries.

This should allow the corporation to continue to operate until 1998, when a capital

mates that spending on pro-grammes other than health,

education and social services

will shrink hy 27 per cent

michael, senior economist at JP Morgan Securities Canada.

for example, have benefited

from unexpectedly strong oil

royalties. British Columbia's

economy grew by almost 5 per

cent in real terms last year. A

jump in lottery and casino rev-

The two odd ones out are

Ontario and Quehec, which

hetween them account for

centre New Democratic party

bolds office, is expected to post

a deficit of about C\$10bn in the

fiscal year ending March 31, lit-

tle changed from previous

enues has helped Manitoba.

Alherta and Saskatchewan,

'It's a combination of doing

between 1993 and 1998.

IADB arm

By Stephen Fidler

restricting new shareholders enahling Taiwan, not an IMF

increase may be considered.

battle By George Graham in Washington Democrats in the US went on the attack yesterday as the Republicans pushed for passage of the last item in their Contract with America manifesto: a hill cutting capital gains taxes and offering a \$500 per child tax credit to those

with taxable income under Vice-president Al Gore said:
"I don't think there is any mystery to it. I think they're playing to their [Republican] power base which traditionally, and now again, is the very wealthy and very powerful."

Foes in

Congress

rehearse

for tax

Earlier this week Congress had a foretaste of the battle over a bill which started as an uncontroversial measure to keep health insurance premiums as tax deductions for self-employed people. It turned into a dress rebearsal for conflict between the Republicans and the Democrats over race,

income and fairness. The bill, passed on Monday night and sent to President Bill Clinton for signature, would make permanent a provision allowing the self-employed to deduct 25 per cent of their health insurance premiums from their taxable income. The measure has expired, and its renewal before next week's tax filing deadline is strongly hacked hy small husiness

But congressional hunget rules require a tax hreak of this sort to be paid for. The two measures tacked on to produce the necessary revenue revealed sharp rifts.

The first repealed a tax break for companies which sell television or radio stations to minnrity-owned husinesses. Driven hy outrage that the Viacom media giant would save up to \$600m in tax due on the sale of its cable interests to a minority partnership, the measure seemed at first to arouse little controversy.

But Republican leaders have attacked affirmative action programmes designed to help minorities, so dehate on the Viacom tax hreak turned into a preliminary skirmish in this wider argument.

The Republicans won. The tax hreak will vanish although with one final exemption for the sale of an Atlanta television station by Mr Rupert Murdoch's Fox chain to a company headed hy Mr Quincy Jones, the record producer.

The second measure would have hit multi-millionaires who escape US taxation hy changing their nationality. It would have taxed the notional gain on all their property. with \$600,000 exemption, as though it were sold when they

gave np US citizenship. Although the Treasury estimates it would affect fewer than 25 people a year, each would stand to lose heavily: the projected revenue gain is \$1.4bn over five years. But House Republicans, who objected that it would violate international law and set a bad example to oppressive regimes that might impose exit taxes on their citizens, won its elimination. But, in so doing, they exposed themselves to scathing

Democrat commentary.
"We have a whole lot of billionaire hums rejecting their citizenship to avoid paying taxes," complained Congressman Charles Rangel of New

\$4bn net outflow for Brazil

devaluation last month contributed to a record net out-flow of \$4.04bn (£2.48hn) in March, according to central bank figures, writes Patrick

McCurry in San Paulo.

The outflow was concentrated in the capital account, which includes withdrawals by foreign portfolio investors and remittances by multinationals. It is thought to have reduced Brazil's international reserves to about \$30bn. Last October

eserves stood at \$40.4bn. Mucb of the outflow was sparked by foreign investors nervousness in the days follow-ing the devaluation on March 6 when the government announced new formal exchange rate bands, effec-tively devaluing the Real currency by about 5 per cent.

Government statements that the bands could be moved at any time caused market uncer to sell dollars to support the

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scheme

Legislation to establish a bank deposit guarantee scheme in Argentina is due to be sent to Congress today amid doubts over wbether some hanks have the cash to contribute.

The central bank wants the system, which will be entirely private, to be funded with 2 per cent of bank deposits. But many banks. facing extremely tight liquidity, are unlikely have the disposable

Argentina, wbose central bank bas no authority to emit pesos unless backed hy inflows of bard currency, does not bave a deposit guarantee scheme, nor a lender of last resort. The government pelieves it is essential to establish security for savers to breathe confidence into a financial system that has suffered withnrawals of \$7bn since the start of the Mexican

Details of the scheme were being hammered out yesterday in a meeting between the central bank and bank officials. Some banks have resisted contributing, arguing their 2 per cent should be taken from contributions made earlier this year to a \$750m banking safety net. That money, however, has aiready been spent on buying up portfolios of struggling uistitutions.

Government moves to reassure depositors come in the context of several bank suspensions. Other banks have been unable to meet the repayment requests of depositors, many of whom have been transferring their accounts from smaller banks to first-tier institutions. This week, Banco Union Com-ercial e Industrial, a regional bank, limited withdrawals to

\$200 a day. Mr Martin Redrado, director of the Fundación Capital economic consultancy, said between 60 and 70 of Argentina's 150 banks had solvency problems. Most of these were wholesale banks or regional co-operative institutions, be

Argentine Fiscal discipline breaks out across Canada's provinces gone up steeply. Alberta esti-

Ortiz: some pressure has come off the economy

LADB and World Eank

Mr Ortiz said the aim was to

use the bank finance for the

government's plan to support

the hanking system, but said it

was too early to specify what

kind of terms would be obtain-

able. Bankers have expressed

scepticism about the ability to

raise finance. However, Mr Ortiz said that

\$2.95bn had been committed to

the short-term financing but

that in any case. Mexico

needed medium-term rather

than short-term figance. Mone-

tary officials confirmed yester-

day that a curious quirk meant

ome unusual patterns have recently emerged in Canada's financial kets. Long-term bonds issued by Ontario, the richest and most diversified of the 10 provinces, offer virtually the same yield these days as Saskatchewan, with a fraction of the population and an economy heavily dependent on volatile uranium and wheat markets.

Similarly, impoverished Newfoundland, where the collapse of the Atlantic fishery has pushed unemployment ahove 20 per cent, commands a lower return on its bonds than Quehec, whose economy is heing powered by booming automotive and forest products industries.

These apparent anomalies are a sign that financial markets bave taken notice of those provinces which are coming to grips with their troublesome deht and deficit problems.

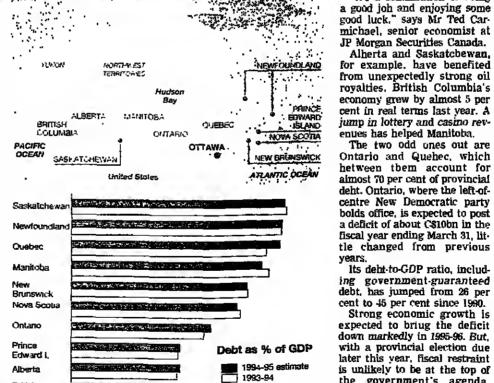
British Columbia last week became the sixth province to table a halanced budget for the year to March 31 1996. The others are Saskatchewan, Mani-toba. Newfouodland, Prince Edward Island and New Brunswick. Newfoundland will eliminate its deficit for the first time since it joined the Canadian federation in 1948.

Alberta, which pioneered the climate of fiscal restraint, bas projected a modest C\$506m (£230m) deficit for the coming year and bas promised to eliminate the sbortfall entirely in

Some provinces are also taking steps to ensure that balanced budgets are not a flash in the pan. Alberta has passed a law which requires the government to halance the books from now ou and to eliminate the provincial deht, currently C\$8.2bn, within 25 years. Documents accompanying the budget last month stated categorically that "this will be the last deficit budget in Alberta".

Manitoba has gone further, with a proposal that cabinet ministers forfeit 20 per cent of their pay in the event of a defi-cit budget, and 40 per cent if the shortfall is repeated the following year. Any significant tax increases will require approval in a referendum. (The future of these measures depends bowever, on the outcome of a provincial election to Bernard Simon points to market pressures and public opinion

Canada's provinces: the debt position



he held on April 25.) Canada's provinces have far wider powers thau regional governments in most other countries. They administer bealth, education and many social and business services. Fiscal discipline is a new way of life for them.

Led by Ontario and Quebec. their combined debt ballooned from CS240bn in 1991 to C\$360bn in the current fiscal year, with their debt climbing from 36 to 48 per cent of gross domestic product. A growing proportion of funds bas been raised in foreign currencies as the Canadian dellar has weak-

The new-found austerity stems from a combination of market pressures and public opinion. As deficits rose in the late 1980s, credit rating agencies and economists began warning of the dangers of beavy debt burdens. The turning point came in 1993 when Saskatchewan (which together with Newfoundland has the lowest credit rating among the provinces) came close to being sbut out of US capital

At the same time, public opinion - especially in western Canada - moved strongly in favour of restraint. The Reform party swept the west in the October 1993 general election with a platform grounded on fiscal discipline. Decisive action to bring down deficits continues to belp rather than

burt provincial politicians. The emphasis has fallen on spending cuts rather than tax increases, although user fees for government services have

Its deht-to-GOP ratio, including government-guaranteed debt, has jumped from 26 per cent to 45 per cent since 1990. Strong economic growth is expected to bring the deficit down markedly in 1995-96. But, with a provincial election due later this year, fiscal restraint is unlikely to be at the top of the government's agenda. Nevertheless, Ontario's NDP is among the most unpopular

widely expected to be whipped at the polls.

Quebec's secessionist govern-ment has given higher priority to gaining public support for independence than tightening its belt. The deficit has grown from C\$4.9bn in 1993-94 to an estimated C\$5.7bn in the cur-

parties in the country and is

rent fiscal year. Those provinces which have hitten the bullet are likely to be rewarded with improved credit ratings. The premiums on their bonds have narrowed sharply in recent months. There are too many investors chasing too few bonds." says Mr Daniel Kelly, vice-president for fixed income research at CIBC/Wood Gundy.

Voters are almost certain to get a more tangible reward in the form of tax cuts as elections draw closer in provinces such as Alberta, New Brunswick and Saskatchewan.

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DNESDAY APRILLING

NEWS: UK

Insurance companies dispute adverse report

By Raiph Atkins, Insurance Correspondent

Two of Britain's higgest composite insurance companies are flercely dis-puting a stockbroker's report which says they risk "financial impairment" because of their exposure to potentially huge US environmental damage

According to the report by James Capel, Royal Insurance and Commercial Union may face liabilities running into billions of dollars over a number of years unless fundamental changes are made in US environmental protection laws or the balance of court decisions shifts in insurers'

Capel says Royal and CU have a higher risk of exposure than other UK insurers to polluted US sites. But the two companies, whose share prices have fallen recently on speculation about the report's contents, yesterday challenged its attempts to link market sbare to potential liabilities. They also added that their reserves and reinsurance arrangements were more than adequate to cover any possible

The report's cooclusions are based on an analysis of thousands of hability policies dating back to the 1950s.

Many such policies are vulnerable to claims under tough US "Superfund" laws which make polluters - and in turn insurance companies - liable retrospectively for clean-up costs.

Capel says Royal and CU are more likely to have provided policies to companies facing the cost of clearing up more than one site. For example, Royal provided cover to General Motors which has been named as a "potentially responsible party" at 61 sites. Royal, however, said its figures were distorted by the cover provided to GM, of which only a small, tightlycontrolled part, was for environmen-

Mr John Carter, chief executive of capitalisations respectively. On a CU, said many of the policies identified by James Capel "have not given rise and won't give rise to claims".

James Capel reckons the two companies' local subsidiaries each account for about 2 to 3 per cent of US insurers' environmental liabilities. Using estimates from AM Best, the ratings agency, of the total exposure of the insurance industry, James Capel calculates that in the "best case", future US environmental liabilities of Royal and CU could be about £470m each.

That would represent about 25 per cent and 12 per cent of their market

"median case" scenario, potential liahilities would be about £2.5bn - twothirds of CU's market capitalisation and 136 per cent of Royal's.

The Capel study examined possible claims resulting from contaminated sites included on the US Environmental Protection Agency's national priority list, other sites which might lead to claims and possible asbestosrelated insurance costs. These were then cross-referenced to records kept by the US Navy Department on insurance policies taken out by companies in the US, to give an indication of individual insurers' exposures.

UK NEWS DIGEST

Human rights blow for Leeson over extradition

Germany is unlikely to object to the extradition to Singapore on human rights grounds of Mr Nick Leeson, the former Barings trader, a German foreign ministry official said yester-

"I don't think that this (Singapore's prison and legal system) will play a major role in influencing our decision," he said. The official said the decision on Mr Leeson's extradition would be based chiefly on the strength of evidence of fraud presented by the Singaporian authorities and whether or not the UK presents an extradition request of its own.

The development is the latest setback for Mr Leeson's attempt to avoid facing trial in Singapore. Britain's Serious Fraud Office has already indicated its belief that Mr Leeson will be more likely to be extradited to Singapore because of insufficient evidence with which to charge him in the UK. The German authorities do not have to take a formal decision on Mr Leeson until after the Singaporean authorities submit their request for extradition based on alleged fraud on May 3. Jimmy Burns, James Blitz and John Mason

Tory MPs face suspension

Two Conservative MPs accused of accepting £1,000 each to raise questions in parliament are due to be suspended from the Commons after the privileges committee recommended tough sanctions. The decision, announced yesterday after months of enquiry, represents the most serious attempt yet by parliament to combat impropriety among its members at a time of deep public disquiet over the ethical standards of

The report, agreed unanimously by the committee's 17 members, recommended that Mr David Tredinnick, MP for Bosworth, be suspended from the house for 20 sitting days, with suspension of his salary for the same period, it called for Mr Graham Riddick, MP for Colne Valley, to be barred for ten

sitting days, with his salary also suspended.

MPs will now have to consider resolutions against the two, which speak of their conduct falling "below the standards which the house is entitled to expect". With no public dissent within the committee, the Commons will be under pressure to confirm the reprimands. The bans would take effect immediately. The government's formal majority would be reduced to 11 for at least two weeks. However, this presupposes support from the nine "Euro-rebels", an unlikely prospect.

Labour strategists are considering whether to exploit Mr z majority by seeking ior s ever-sarinkii motion on Europe or other contentious issues.

The Commons is likely to consider the report on its return from the Easter recess. John Kampfner

Elf may sell UK assets

Elf Aquitaine, tha recently privatised French oil company, says it might sell its UK refinery and petrol stations unless it can secure a bigger share of the competitive British retail petrol market.

Mr Bernard de Combret, Elf's head of refining, marketing and trading, said yesterday that the company wanted to expand its UK retail petrol network sharply in the next year. Mr de Combret said the company had too few British outlets to match the capacity of Elf's Milford Haven refinery, which he described as one of the most efficient in the country.

Elf is seeking an alliance or other partnership arrangement that would help boost its UK market share from just under 4 per cent to "a minimum of 5 per cent". Mr de Combret said Elf would consider selling its UK operation, which includes 700 stations and 70 per cent of the Milford Haven refinery, if it failed to secure such an alliance. Robert Corzine

DJ to launch TV service

Dow Jones Telerate will, later this month, launch a new specialist television services aimed at market professionals across Europe.

The new service delivered by satellite direct to specially adapted dealing screens will compete directly with Reuters Financial Television which was launched last year. Dow Jones Telerate Live, which launches on April 24, is the latest entrant to a new genre of programming - "discontinuous television."
Unlike conventional television which tries to keep the attention of the audience for as long as possible, both the Reuters service and Telerate Live, seeks to intrude on the audience as little as possible. Apart from morning briefings to start the financial day. Telerate Live aims go on the air only when it has news that is likely to move the markets. Raymond Snoddy

Increase in beer imports

Cross-Channel beer imports grew by about 15 per cent last year to an estimated 1.4m barrels, or 404m pints, the Brewers and Licensed Retailers Association estimates. The heer accounted for about 4 per cent of the UK market, up from 3.3 per cent in 1993, the association said, renewing its call for a phased reduction in axcise duties. Taxes make up 30.7p of the price of a UK pint of strong beer (5 per cent alcohol by volume) against 4.2p in France.

The imports, duty paid in France, cost the UK Treasury £121m (\$196.02m) in excise duties and £60m in value added tax, while the French government gained £33m from British shoppers in Calais and other Channel ports. Roderick Orum

Public thinks the government is 'fiddling' figures, concludes a report Row over unemployment measure

By Robert Chote,

Britain's main measure of unemploymant should be replaced because people believe the government is fiddling the figures, according to a report by the Royal Statistical Society.

The headline measure counts people who are without work and who successfully claim unemployment benefit of income support. But the definition of this "claimant count" has been changed about 30 times since 1979, prompting accusations that the govern-ment has deliberately mas-

"The claimant count is not trusted, is not based on any agreed concept of unemployment, is inconsistent over time due to changes in the claimant system, and cannot be used for international comparisons" the report argues.

It recommends a monthly measure based on the existing Labour Force Survey, which is

UK reserves of gold and foreign currency fell by an underlying \$95m in March to \$42.8bn (£26.3m), the British Treasury said yesterday.

The underlying change excludes a number of other factors which are included in the total change. There were repayments of borrowing under the exchange cover scheme (ECS) of \$6m.

based on international standards. This involves asking 60,000 people whether they have worked in the past week and are actively seeking a job. But Mr Phillip Oppenheim, junior employment minister, said a monthly labour force survey would cost an extra £10m on top of the £7m-£8m spent on the current quarterly version. "It is very difficult to

justify the cost", be said. The Labour Party said the report vindicated its claim that the government had meddled with the figures, while Mr Oppenheim said it showed the

The March tender of UK Ecu Treasury Bills amounted to \$1,103m and maturing UK Ecu Treasury Bills were \$1,106m. Receipts from the second privatisation floatation of GENCO came to the equivalent of \$174m.

After the annual revaloation, the reserves stood at \$46,122m (£28,330m) at the end of March.

claim was groundless. Ms Harriet Harman, the sbadow employment secretary, said: "This report is more serious even than the deep problem of unemployment. It goes to the heart of the credibility of the government

The statistical society warned that the claimant count would soon be distorted again by definitional changes. New benefit regulations for invalids are likely to push the count up this year, while the introduction of the "jobseekers' allowance" should have the opposite effect in 1996.

The report argued that there was no need for a moothly measure for economic analysis. lts only justification was polincal - as a measure of government performance. The society said the best

solution would be to carry out the labour force survey every month, but conceded that this would cost twice as much as the quarterly survey.

Alternatives examined included using the existing survey to generate a threemonth rolling average or to calculate a less reliable measure using a third of the quarterly data each month.

But Mr Oppeoheim said these would probably confuse people by creating more estimates vulnerable to revision.

The society also recom-mended that more emphasis sbould be put on quarterly estimates of unemployment among the young, long-term joblessness, the number of people wishing to work and the strength of people's attachment to the labour force.

Red tape tries to span Ireland's troubled waters

John Murray Brown looks at the fisheries commission struggling to get off the political hook

the river Foyle near Derry of debate about the political future of Northern Ireland.

The Foyle Fisheries Commission, with a staff of 4 fisheries officials - 2 from Northern Ireland and 2 from the Republic - and 24 river bailiffs, is the only functioning cross-border body with executive powers.

With London and Dublin proposing further cross-border published framework document, the commission has become caught up in the political crossfire.

For the unionist majority in Northern Ireland, any hint of joint anthority smacks of a sell-out, and undermines Northern Ireland's place in the UK. For nationalists, such bodles represent a recognition of Illster's Irish dimension, and are considered the least that hardline republicans will settle for in any eventual peace set-

tlement agreement.
It all started in September, when the Commission was cited as an example of cross border co-operation by Sir Patrick Mayhew, the Northern Ireland secretary, during a speech to the Grand Order of Orangemen in Comber.

The Foyle catchment straddles the border, draining from the Sperrin mountains as far sonth as Omagh and up to Malin head on the Republic's side. The Commission is in charge of management and conservancy of a 55-mile stretch of the Foyle plus Lough Foyle - the boundary between north and south, runs through tha lough, though the precise line has never been defined and the tidal river up to Lif-

The Commission owns the fishing rights, issuing rod and uetting licenses and policing the river against poachers. Its

A small group of British and Irish civil servants looking after the salmon and trout in sing fees and fines with the shortfall split between the two overnments, its september financial year end is determined by the end of the seasonal salmon run.
As far as having executive

powers, - the key grumble of unionists - the Commission can make by-laws to regulate the seasons or set new licence fees. It also has unique powers to prosecute any offender in both jurisdictions.

Under a review by the accountants KPMG, the Commission's powers are to be extended to include the potentially lucrative shellfish sector, currently inactive because of the wrangle over title.

But in the Irish story, even the arcane can be important criticism from both sides of the border. Mr Hugh McLaughlin of the Greencastle Fishermen's Co-operative in Donegal in the Republic says his members are "exposed to the whim of the Foyle Fisheries who seemed to have absolute authority." Dublin's joint authority, he says, is in "name only."

The concerns of Mr Willie Ross, Ulster Unionist MP for East Londonderry are more serious. Far from being a model of willing cross border cooperation, he says the commission was an attempt by Dublin to "gain a measure of control over what was and still is a United Kingdom asset." The Commission is "a tiny

forerunner of what is currently being attempted over a far In Dublin, the reaction to

sucb comments is exasperation. The Commission. they point out, is staffed by civil servants, not politicians as envisaged under the framework document proposals, which begin the process of mapping out in detail how north and south might work



closer together. Indeed the view in Dublin is that the cross-border bodies envisaged in the framework document would be far more powerful. The main tension is between the rival demands of anglers

and commercial netsmen. In the Foyle commission's case, this takes on a political importance because the angling waters are largely upstream in Northern Ireland while the majority of commercial netting takes place in the estuary on the Donegal banks

of the lough.

Bot whatever the political dehate, cooperation already has a momentum of its own. The European Commission and the US is funding development of the border counties. In Newtonstewart, a largely protestant town hlighted by republican violence, the angling tourism business is growing.

In the 1930s, the town boasted 3 fishing hotels, the fishermen arriving by train from Balfast and via Larne from the mainland. Now, the Castle Hotel is in the throes of renovation. And an old police station has been converted into fishing lodges.

All the lets are taken for the

Lloyd's survey sees lower premiums

Tba downward trend in insurance premium rates is accelerating, according to a survey of Lloyd's of London underwriters which is indicative of mounting world-wide entive pressu insurance companies, Ralph Atkins writes. After several years in which

rates have generally risen, the number of Lloyd's underwriters reporting falls over the past three months comfortably exceeds the numbers reporting increases, according to results released yesterday.

Many insurers - not just at Lloyd's - hlame overcapacity for the reductions. But Mr David Rowland, Lloyd's chairman, refuted suggestions that falling premium rates would translate into losses for underwriters inst as the insurance market may be about to overcome its financial problems.

"Many rates are stable, some are still rising and, where there has been a downturn, it is from a very high base," Mr Rowland said. Commenting on rates for

marine insurance policies, where moch of the downward pressure is concentrated, Mr Alan Jackson, chairman of the Lloyd's Underwriters Association, said: "In a competitive situation, it would simply not be possible for increases of the type we have experienced in the past few years to carry on ad infinitum."

Lloyd's aviation insurers appear to have bucked the general trend, reporting stable or rising rates - but only after record world aviation insur-

ance claims last year. Despite its recent troubles, Lloyd's underwriters often set benchmarks for policy rates around the world. But they face competition in particular from insurance markets in continental Europe and Bermuda.

The survey of 52 underwriters carried ont by Lloyd's showed 40 per cent reporting falls in the past three months against 6 per cent reporting increases. The differenca between the two figures - 34 per cent - compares with 2 per cent in the last survey released in January.

Asked about expectations for the next three months, 39 per cent of the underwriters surveyed expected decreases and 9 per cent predicted rises. The halance of 30 per cent compares with 25 per cent in

the last survey. Falls were also reported by motor insurers. "Downward pressure on rates was inevitable following the substantial increases in 1992 and 1993. although rates now seem to be stabilising," said Mr George Higginson, Lloyd'a motor underwriters association chairman.

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Developer 'will see no profit for 20 years' associated with the lack of a ama) family has no such illu-

By John Kampiner and Simon London

The Japanese company which owns County Hall, the former home of the Greater London Council on the River Thames, is unlikely to pay £10m of the £60m purchase price until 2012, according to a report today.

The National Audit Office, the public spending watchdog, also reveals that Shirayama Shokusan, which bought the property in 1993 after years of negotiation, does not expect to make a profit from the site for 20 years.

The report details the problems faced by the London Residual Body, the organisation established by the government following the abolition of the GLC in 1985, in selling the huilding.

It says the LRB recommended the original £60m Shirayama bid to the government. ahead of rivals such as the London School of Economics, even though it possessed "no independently verifiable information" about the family owned Japanese company. The Residuary Body recog-

nised that there were risks

hank guarantee," the report says, but "concluded that they were not sufficiently great to warrant abandoning the sale given, in its view, the attractiveness of the price offered."

It adds that the LRB pressed ahead with a private sale to Shirayama despite government guidelines which encourage the sale of public assets by ten-In a submission to the NAO.

Shirayama said that it considered the purchase a "very long term investment". "Consequently, the (Shiraysions or expectations in making any profit from this investment - even for more than two decades," it added. Mr Makoto Okamoto, Shiray-

ama's representative in London, said that the terms of the sale, which linked the payment of £10m to earnings from the development, left the company with no incentive to make a profit

Mr Alan Milburn, Labour MP for Darlington who referred the sale to the audit office, said yesterday the report showed "one of London's key sites has

been treated in a totally cava lier fashion" "The secret deal between the

LRB and Shirayama amounts to an interest-free loan of £10m at taxpayers expenses." In November, Shirayama

announced that work had been suspended on its project to huild a hotel, leisure and entertainment complex on the site. It is now reviewing development options pending the outcome of a legal dispute with the LRB.

The Commons public accounts committee will discuss the issue on May 1.

nne Evans pauses, considers and then decides: "I'm really proud of it. All first projects can take improvement," she says. "You huild on experience. Every month, technology changes.

The project is Elm Energy. Europe's first purpose-built tyre incinerator, based in Wolverhampton in the English Midlands. The plant has recently stepped up to full capacity after opening in November 1993; its five incinerators now devour 100,000 tonnes of scrap tyres

a year. The incinerator absorbs 20 per cent of the UK's scrap tyres, generates enough electricity to light a small town and recycles many spinoff products. Yet it is uncertain whether the experiment will he repeated.

Hailed as a technological and husiness breakthrough. Elm has had a tough time getting off the ground.

Evans, an evangelist for tyre incineration, left as managing director in January (although she retains a small stake); the plant is still suffering from teething troubles; and the economics of incineration are questionable

However, the question of burning tyres has a wider resonance. Tyres are one of Europe's higgest waste problems. In 1991, the European Commission identified scrap tyres as the first "priority waste stream" on which pan-European action was

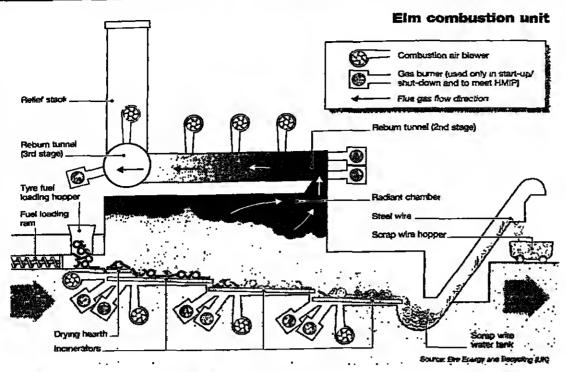
Western Europe alone produces 200m tyres a year. A further 237m are made in the US and about 140m in Japan. Add to that the sizeable output from South America and East Asia, and the potential tyre mountain snaps into focus.

Technically, incineration is the ideal means of disposal. Tyres have a higher calorific value than coal hecause they are composed predom-inantly of petrochemicals.

The heat they produce can he used to raise steam to generate electricity. Their steel content can be recycled, while zinc oxides, in the form of ash, can be used to recover zinc. Elm, which cost £48m. is designed to generate more than 20MW of electricity and to recover up to 17,000 tonnes of high-quality steel and 3,000 tonnes of zinc a year.

Nevertbeless the cost of energy generation is still high: "No one would invest that kind of money just to generate power," says one industry observer. Based on the original investment. Elm's electricity costs about \$3,400 (£2,138) per MW compared with about \$900 for a coal-fired power station and \$800 for a gas-fired plant.

The project is suffering from technical hitches which may upset its delicately poised economics. Power output from the incinerators is only now approaching the design capac-



Tough for tyres

Haig Simonian reveals why incineration is not an easy solution to one of Europe's big waste problems

ity - almost 18 months after therefore limited in number, to reap starting. Furthermore, the output of scrap steel one of the key elements in the hudget calculations, is proving impossible to sell because it is covered with ash. Elm admits it will have to install high-pressure water

iets to clean the scrap. Even the economics of electricity generation are fragile. Elm got off the ground because of the UK government's "non-fossil fuel obligation", which subsidises electricity produced from

incinerators. But proponents of combustion

were deeply disappointed earlier this year when the government rejected two new schemes by Evans for smaller incinerators in Scotland

and the south of England. The electricity to be generated from the new plants - which would have consumed about 20,000 tonnes of scrap tyres each - was deemed too expensive compared with other

The failure showed that incinerators must be telatively big, and the economies of scale required to make such hig investments viable.

Evans is down, but not out, Although disappointed by the decision, she is pressing ahead with a plan to create an even bigger incinerator in Belgium, capable of hurning up to 120,000 tonnes a year. Most of the rubber would come from tyres, but up to 15 per cent

That is followed by a reactor could derive from technical rubbers, such as old windscreen wipers or tower where flue-gases are injected Proponents of combustion were deeply disappointed when the government rejected

two new schemes for smaller incinerators in Scotland and the south of England - the electricity would have been too expensive

required to clean up smokestack

gases - one of the most expensive

more sophisticated.

ing. Elm's emissions are well below authorised ceilings, but it comes at a considerscrap from tyre factories. Technical developments since Elm was devised have made com-

By contrast, Evans's new venture bustion even more appealing finanwill require less equipment and manpower while emission standards should be even higher cially. Evans argues. Incinerators have also become more efficient and than at Elm. temperature control techniques Most important, the technology

parts of an incinerator - has been

simplified. Much of the spending on

Elm went on complex clean-up

processes, admits Peter Fisher, its

At Elm, combustion gases have to

pass through a chamber containing

hundreds of bags made of Teflon

and impregnated with Goretex,

which filter out particulates rich in

bydrnxide to

remove sulphur

before going on to

lime for recycl-

zinc and fly ash for recycling.

chairman.

The technology has got better and we went ou a huge hunt to find the best available," she says, Greater confidence about the process among hankers has also reduced the hills: when it was looking for investment, Elm was vulnerable because it was the first of its kind in Europe and only the third tyre incinerator in the world. Hesitant hankers can now see

that an incinerator can be huilt relatively quickly, that local authorities will co-operate and that huming tyres works. These factors have lowered the resistance to give a

loan for a new project.
"We can take them to see a plant which is running, rather than just

on paper," says Evans.
Elm would never have got off the ground were it not for the enthusiasm of a single entrepreneur. Big industrial investors were interested only once the concept was established. (Elm is now 95 per cent owned by the North Indiana Public Service Company, a medium-sized

US utility.)
Evans believes that costs could be sliced if a utility were involved with a project from the start; loans would be cheaper because of the greater security of lending to an established concern. Talks are under way as to whether Electrabel, the Belgian electricity ntility, could play that role in the new Evans

venture. Elm's teething troubles should not abscure its achievements. The fine tuning now being done should improve its profitability, says Mark Wyckoff, its new managing director. The main obstacle to incineration

is the limit to the number of plants a country can sustain. Location is crucial. Wolverhampton lies at the heart of the UK tyre industry and is centrally sited on the motorway network, Most of the country's population centres are within easy dis-

One reason why Evans's two small UK projects were turned down was because their peripheral locations meant the cost of collecting tyres would have been so high as to make the price of the electricity they generated uncompetitive - even against most other renewables.

Incinerators are also limited in that they cannot take too large a share of a country's scrap market. Fisher estimates that anything above 30 per cent would drive up prices and choke off other uses of waste tyres, such as shredding.

Undeterred. Evans is keen to press on. The Belgian plant, in Limburg province, is ideally located to cover the Benelux countries and much of northern France and west-

ern Germany, she believes. With a third incinerator located somewhere in the former east Germany and a fourth in the southern states of Bavaria or Baden-Wurttemberg, she believes Europe could be comprehensively covered and the tyre mountain diminished if not altogether levelled.

Richard Gourlay on a European fund-raising pilot scheme

EC's venture seedling

we years ago, the European concerned at what it thought was a rapid decline in the into young companies in the Community.

It was right about the trend. Over the five years to 1993, the amount invested by venture capital institutions in early stage husinesses fell by 53 per cent to Ecu200m (\$262m), according to the European Venture Capital Association.

Venture capitalists say there are good reasons for this decline: that they were not able to make money within the limited eight to 10-year lifespan of most venture

The Commission decided to try to reverse the trend. Proffering interest-free loans and a small ammont of equity, it sponsored a programme that has led to 23 seed funds being set up and the establishment of the European Seed Capital Fund Network.

With the Commission's five-year pilot scheme winding up in September, the Network's members – now numbering 50 organisations - are meeting in Paris this week to assess the success of the programme.

There is no easy way to measure its success because the purpose of the programme was unclear from the notset. One faction in the Commission decided employment generation should be a target. Others took a more commercial line: they argued that seed funds should set unt to build capital, that employment generatinn was only a by-product albeit a welcome one - and that

to any seed fund unable to raise its own private funds. As a result, some of the members in Paris will argue that the Seed Capital Network experiment is a success. The 23

Commission funds should not go

funds will have raised Ecu61m hy the end of this year. They have invested mnre than Ecu26m, creating 228 new husinesses of which more than 80 per cent are still "alive". according to the Network. These husinesses have created more than 2,000 jobs - and 4,000 more

One of the most striking features is the low cost of each inh created. Because public funds were "leveraged", with bank loans and in some cases private equity, the amount of public money required to create each jobwas considerably lower thanin most government joh creation

The purists see it differently. Of the 23 new funds, a handful are truly commercial operations that raised private capital and are run specifically to grow their capital. These include Technostart in Stuttgart, Innovi in Brussels and the Korda Seed Capital Fund in the UK - although this fund has

now closed its doors. The majority of the 23 new funds, however, were political initiatives designed to enhance employment. Critics say that many of the businesses these see funds back will be marginally competitive at best and are unlikely to thrive.

The Network's own figures lend some support to this argument. Seed funds supported by some private funds created twice as many of the directly created jobs as did those funds supported by

public money. Unperturbed by this less than glowing comment on publicly backed venture capital, French members of the Seed Network are determined to attract more public money to early stage investing. The group will this week tell the French government in a white paper that "only a significant measure of public support . . . will bring investors back to the sector responsible for creating

At the European level, the members of the European Seed Capital Fund Network will this week decide how to go forward now that the Commission has said it will subsidise only the network's running costs.

While the Commissinn's pilot scheme has shown that jobs can be created relatively cheaply, few would argue that the programme has unearthed a way in encourage mnre investment by venture capitalists in young European

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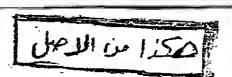


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Theatre Parents' worry tapped

ard upon the wounded heels of Simon Gray's Cell Mates at the Albery Theatre comes One Fine Day, rushed in from Liverpool. One waits with (somewhat) bated breath to see whether it will last longer. It is a one-man monologue written by Dennis Lumbourg, enacted by Joe McGann and directed by Bob Thomson for all it is worth.

As monologues go, this one is lavishly set: three elaborately realistic sets, deftly designed by Julie Godfrey, on the revolving stage. They make the piece more stage attractive; I suspect that they may diminish the force of the play, in which neither sets nor props

play any practical part.
For it is a sort of confessional piece, from a young father suspected of abusing his two children: familiar from press stories in all its details, and banal in at least that sense, it needs us to concentrate closely on the central figure if it is to rouse our concerns beyond polite sympathy.

McGann, whose long, lined. humorous, face is familiar, plays Eddie faithfully as written, which is to say with a steady peppering of winking one-liners and quick marginal anecdotes. They serve not only as fill (the story is not complicated, and it needed more to make even a short evening). but also as cheerful, reassuring lubrication for the uncomfortable subject matter. The narrative tone is affable and blokeish: Eddie only tells us about his worst moments, never has

to show them. We watch him from an evening at home before the crisis, in which his continuous chat to us continually returns to sexy childhood stories, to the time when he has had to flee his home, to prison and at last to a conclusion which I will not reveal. (You may need a hit of suspense to keep you going.) It is all honestly felt, but for four or five scriptwriter's lines that stick out like sore thumbs

from the surrounding blokery.

By now you will have guessed that the title has nothing to do with Madama Butter-fly; the sense of "one line day" here belongs with "... the sky dropped straight down on my head".

The result is well-intentioned beyond doubt, and will certainly tap into many a parent's idle worries (how could I prove that nothing happened?) - but it is rather mild. Think of A Day in the Death of Joe Egg. painful family situation off against bitterly jokey dialogue: it makes One Fine Day seem anodyne and excessivaly digestible. Amiabla, though; and perbaps Joe McGann's long, lined, humorous face is the apple of anough eyes to draw decent houses.

In any case, it is something of a relief that the West End's first show to be concerned entirely with child abuse as a raw social fact, and not just as a piquant element in a further dramatic tale, is so unsensational. It is only a pity that in the part of Eddie, the serious stuff is squaezed into the stand-up comic's style.

David Murray

At the Albery Theatre.

Television/Christopher Dunkley

BBC goes fishing in ITV's duck pond

believe it is a duck, even if it does keep claiming to be a swan. Similarly, if something looks like commarcial television and sounds like commercial television, then, no matter how often it declares itself to be public service broadcasting, few people will

take much notice.

The thought is prompted by the launch of BBC1's new Saturday evening schedule unmistakably a duck after a seemingly endless sequence of BBC reviews and statements all declaring: "We are a swan. we have always been a swan, and we intend to continue being the best swan in the world."

Again and again we have beard the people who run the BBC announcing that their rightful position (new metaphor, forget the duck) is on the high ground of broadcasting, that the BBC must go for the Himalayan option. Again and again we have gone away and switched on the box to watch some of this Himalayan activity only to find the BBC sliding down the Trossachs on a tea-

tray,
This is not to say that the programmes in the new schedule are bad examples of their sort. On the contrary, tha BBC is only too good at this sort of populist stuff. Saturday evenings now begin with The New Adventures Of Superman which is. of course, imported from the US. It is slick, expensively made, funny, and the very cynosure of commercial programme making. The BBC has always been good at choosing American imports and this is excellent family material for early evening. But nobody could pretend we need a public service system to bring it to us. It is followed by Confessions,

f something walks like a duck and quacks like a duck most people will which started this week. If you must have cringe telly, where people are lured into self revelation, this is a pretty mild and harmless example. Nobody is blackmailed into participation with the fear of being ridiculed as unable to take a joke, and embarrassment is not a central consideration. The presentar Simon Mayo, following in the footsteps of Terry Wogan and Noel Edmonds, is moving up (or is it down?) from the role of disc jockey on BBC radio and, like Wogan and Edmonds, he

> charm and chat. The show's technique is cumning: three people are shopped by their family or friends and, having then agreed to partici-pate, are required to identify and recount, with as few clues as possible from Mayo, the ghastly incidents revealed to the programme makers by

seems to have all the necessary

their loved ones. The participant needing the fewest clues wins the prize, this week a holiday in San Francisco. (It looks wide open to collusion within the family. providing one of you is a rea sonable actor.) The cunning emerges when one participant, having been given the clue, asks whether it refers to the time he put his brother's nappy down the loo and flooded Stamford with sewage, No, not that one, says Mayo, deadpan, and so we get two stories for the price of one.

Without the BBC to supply them would British viewers lack such programmes? Would we be denied that highly commercial undertaking The National Lottery if the BBC did not show it straight after Confessions? And what about the new programme at 8.05, Bugs? Here is a drama series which can be seen either as a retro version of those 1960s yarns in which agents such as James Bond and Napoleon Solo were one of several new series kitted out with the modern

equivalent of seven league boots (a missile disguised as a ballpoint pen, a collapsible submarine to hang on your watch chain) or as an update on The Avengers.

Since Brian Clemens helped develop The Avengers and is described as "consultant" on Bugs the similarities are hardly surprising: belicopter chases, lots of beeping gadgetry, two chaps and a chapess fighting the forces of darkness it all seems awfully familiar. Unhappily it lacks the crazi-ness and bumour of The Avengers and just looks like countless other black hat/ white bat dramas with big hardware budgets.

That being so, you wonder again, what is the point of the BBC producing it.

t is followed, after the news, by Chicago Hope, yet another hospital drama series and yet another American import. Fans of medical dramas will notice the difference here: where Casualty. St Elsewhere, Cardiac Arrest and now ER all deal in general emergencies, Chicago Hope contrives to go up market. Knife waving junkies and nymphomaniacs longing for the touch of a young doctor's hands are notable for their absence. Instead Chicago Hope con-

centrates on the "Wow, fancy that" element in modern medicine. Thus, in Episode One we had a futuristic device for liquefying and sucking up brain. tumours, and an operation to separate Siamese twins which was so complex that entire teams of doctors and nurses had to hold rehearsals,

There is nothing wrong with Chicago Hope, which can trace its antecedents straight back to Dr Kildare but, once again, the quack and the waddle give it away: it is a duck. What about the new series of The Lenny

Henry Show which follows? Henry is a funny man, probably better value as a stand-up comedian than as the obsessive cook in the sltcom Chef!. Even if there were ominous doses of black consciousness and political correctness in this opening episode (isn't it a little late to be trying to get a laugh out of the Black and White Minstrels?) he is probably as popular as anyone around

He does not command the sort of passionate attachment once achieved by Morecambe and Wise, but then who does? After The Lenny Henry Show BBCI offers football in Match Of The Day, more comedy in The Stand Up Show, and then an old movie. So although it is described as a "new" Saturday night schedule there is little in it that would surprise a 1965 audience

Defenders of public service broadcasting are left with the difficult job of arguing that, in order for the BBC to remain in business and produce its special goodies - period drama, serious sports coverage through bad times as well as good, the Young Musician competition, a serious nightly round-up of current affairs or whatever - the BBC must continue to justify the licence fee. And to do that, they say, the swan has to behave much of the time exactly like a duck.

The trouble is that once you become indistinguishable from a duck, as with BBC1's Saturday night schedule, the people who vote you the licence fee -the politicians - are likely to organise a duck shoot.

Surely the BBC's own interests - and therefore the viewer's - would be best served if there were at least something in the Saturday evening schedule that did not look as though it had been fished straight out of the ITV duck pond. Just one swan would help.



Jesse Birdsall, Jaye Griffiths and Craig McLachlan in 'Bugs': lots of beeping gadgetry, and two chaps and a chapess fighting the forces of darkness

Theatre/Alastair Macaulay

Details confuse belief

A Company, is never dull and yet the mind wanders. The play is about a quintuple sense of displacement being a woman in a male society, being Irish in England, being Catholic in Ulster, being an unbeliaver who has Catholic visions, being a daughter unloved by her mother. Very interesting; but none of the detail of the play rings true. Though it won admiration at its premiere in Stratford last May, a second viewing of it only increases my problems. It is artful, amusing, lively, unbelievable and oddly inco-

Greta, who has married an English academic and has had three children, has found that her husband is having an affair; and the experience brings up every aspect of dislocation in her mind. In particular, she sees visions and hears voices. After a time in hospital, she goes back to her native Northern Treland

Reunited with her family while her father is dying of a heart attack, Greta continues to be impelled by her voices and visions to various from Catholic backgrounds, to Irishwomen who marry the English, to children of unloving mothers. At the end. Greta, while still moderately batty by some standards, finds some inner peace.

The problem, however, is not in this scenario but in the script and production. Conversations and soliloquies all sound contrived - and vet we are left wondering why the author has, on the one hand, gone to the extreme of contriving a conversation between Greta and her dead father (who sits up in his coffin to chat with her) and, on the other hand, left us with an untidy mass of unresolved information abont Greta's psyche and family. Sister Helen's American accent. brother Manus's fiddle-playing and homosexuality: these are among the play's several pointless red herrings hich waste our time.

Meanwhile Michael Attenborough's production contains too many details that keep us from believing in the play. An answering machine has no outgoing message. Katharine Rogers, as Greta's sister

fter Easter, Anne Devlin's abnormal acts. All manner of issues Helen, is more posey than the char-1994 play being performed are brought up pertaining to Catho-by the Royal Shakespeare lics in Ulster today, to unbelievers especially silly point in the play's penultimate scene, when Greta is standing on a high ledge and unable to move. Helen says to her "Take my hand", but stands two yards' distance away, proffering a hand that Greta could never reach if she tried. Doreen Hepburn, as Greta's stern mother Rose, and Ann Hasson, as Greta's affectionate but silly sister Aolfe, both overdo the hrighteyed Irish cuteness.

Stella Gonet is Greta. As before, the physical bloom she projects from the stage is so appealing, and the phrasing of her every speech is so exemplary, that criticism is almost disarmed. And yet I cannot believe her whenever she shouts, screams, gasps - goes into an intense state - as this character is often required to do. She charms, hut never truly disturbs.

Francis O'Connor has designed with skilful economy a single set like an Advent calendar, with various windows and doors that transform it again and again.

In repertory at the Pit, Barbican Centre, WC1.

Concert/Antony Bye

Simply the best around

sics: Haydn's Symphony No 104, Mozart's D minor piano con-certo K.466 and Beethoven's "Pastoral" symphony. But add the magic ingredients of Nikolaus Harnoncourt and the Vienna Symphony Orchestra and you have an evening almost certainly guaranteed to help you understand just why those classics are not simply classics of their time but of

We tend perhaps to think of the Vienna Symphony Orchestra as the poor relation of the perceivedly more glamorous Vienna Philharmonic, but the VSO has its own no less illustrious pedigree. Some historic first performances include Bruckner's Ninth Symphony, Schoenberg's Gurre-lieder, Ravel's Concerto for Left Hand and Strauss's Metamorphosen, and it has hoasted an impressive line-up of conductors, among them Strauss, Furtwangler and Karajan. It currently gives some 200 concerts a year, e punishing workload which could easily give rise to complacent and lacklustre playing. At Friday's Barbican concert, under Harnoncourt's largely galvanising

n paper it looked like yet another mass appeal programme of popular clasgramme of popular clas
direction, that danger was, for the most part, triumphantly averted.

For Harnoncourt it was something lingering in the third movement's of a homecoming. He was a cellist

with the VSO for more than 15 years, while simultaneously forging his career with his own Concentus Musicus as perhaps the most imaginative and thought-provoking practi-More recently he has made the successful transition from specialist

to mainstream conductor, a hazardous but by no means common move these days, as witness the careers of Hogwood, Norrington, Gardiner and others. But as Friday's concert testified, one need make no excuses for Harnoncourt's interpretations: they are simply among the best around. The "London" Symphony at the beginning of the concert instantly confirmed this. The myth of the genial "Papa Haydn" was dispelled

once and for all in an account full of lean and incisive gestures and bold dramatic contrasts. The first-movement Allegro was surprisingly leisurely yet still urgent. In comparison, the slow movement began almost skittishly and drew from Harnoncourt his gift for impregnating every silence with abundant life and trio even suggested affinitles with Mahler, though the brazen energy of the finale made, inevitably, Beethoven a more appropriate compari-Less revelatory, at least by the

high standards set by the Haydn, was Mozart's K.466 which, for all the composer's operatic credentials and the concerto's own potential for dramatic interplay, found Harnoncourt a somewhat glacial, unfriendly par-ticipant, maybe because the soloist Rudolf Bucbbinder was at best merely competent, more often crude. But a searching "Pastoral" symphony found conductor and orchestra back in their element, persuasively arguing the case, that, in spite of its programmatic subtext, this symphony is as tautly argued as any. The slow movement, in particular, was projected with faultless balance and perspective, each component meticulously shaped and integrated. For once, every minute mattered, the true yardstick by which to measure - as here and in the Haydn - the classic performance of the classic work.

INTERNATIONAL

BERLIN

OPERA/BALLET Deutsche Oper Tel: (030) 34384-01

L'italiana in Algeri: by Rossini. Conducted by Ion Marin/Carlo Rizzi, produced by Jérôme Savary; 7.30pm; Apr 5, 8, 12

 Lucia di Lammermoor. by Donizetti. Conducted by Marcello. Viotti and produced by Filippo Sanjust: 7.30pm; Apr 6 Onegin: music by Tchaikovsky. Premiere at this venue, choreographed by John Cranko, produced by Reid Anderson and Jane Bourne; 7.30pm; Apr 9 (7pm),

 The Girl of tha Golden West: by Puccini. A new production conducted by Paolo Olmi and produced by Frank Corsaro. Soloists include Galina Kalinina and George Fortune: 7.30pm; Apr 7

BONN

(MALLERIES Kunst-und Ausstellungshalle Tel: (0228) 9171 238 Russian Museum of St.

Petersburg: third in "The Great Collections" series. The museum in St Petersburg houses a collection of 500,000 works from which 500 works have been selected for this exhibition to represent 500 years of Russian art and culture; from Apr 7 to Aug 13 (Not Mon)

■ LONDON

CONCERTS Barbican Tel: (0171) 638 8891 Yo-Yo Ma: cellist with the London Symphony Orchestra. Sir Colin Davis conducts Tippett and Elgar while Leon Kirchner conducts the UK premiere of his own "Music for Cello and Orchestra"; 7.30pm;

Apr 12 Queen Elizabeth Hall Tel: (0171) 928 8800 Andreas Haefliger: pianist plays

Beethoven, Schubert and Mussorgsky; 3pm; Apr 9 Carmina Quartet: with planist Andreas Haefliger plays Beethoven, Debussy and Brahms; 7.45pm; Apr

Royal Festival Hall Tel: (0171) 928 8800 Bach: St Matthew Passion: with the Bach Choir and the English

Chamber Orchestra, Sir David Willcocks conducts; 11am; Apr 9, Michael Nyman Band: with the

Orquesta Andalusia da Tetuan. Special concert in which Nyman reworks music from his career and writes for a group of virtuoso musicians who have an understanding of his work; 8pm; Apr

 The London Philharmonic: with soprano Amanda Roocroft, Roger Nomington conducts Mahler'a

"Lieder eines fahrenden Gesellen" and "Symphony No.4"; 7.30pm; Apr

 Tha London Philharmonic: with clarinetist Emma Johnson. Martyn Brabbins conducts Walton, Barber, Dankworth, Weill and Gershwin; 7.30pm; Apr 7

GALLERIES Royal Academy Tel: (0171) 439

 Poussin: more than 90 works by the French artist; to Apr 9 OPERA/BALLET

English National Opera Tel: (0171) 632 8300 Don Glovarini: a new production of Mozart's opera. House debuts for director Guy Joosten and conductor Markus Stenz; 7pm; Apr 5, 8, 11 Madam Butterfly: Puccini's opera,

originally directed by Graham Vick; 7.30pm; Apr 8 Royal Opera House Tel: (0171) 304 Peter Grimes: by Britten. Directed by Elijah Moshinsky and conducted

by Edward Downes; 7.30pm; Apr 8,

 Salome: by Strauss. A new production directed by Luc Bondy and conducted by Christoph von Dohnányi; 8pm; Apr 7 The Prince of the Pagodas: by Britten. A Royal Ballet production choreographed by Kenneth MacMillan opens a Benjamin Britten "mini festival" at the Royal Opera;

MADRID

7.30pm; Apr 10

GALLERIES Fundación Coleccion Thysser Bornemisza Tel: (91) 420 39 44 André Derain: approximately 70 paintings selected to represent tha painter's different periods; to Jul 10

NEW YORK CONCERTS

Avery Fisher Tal: (212) 875 5030

New York Philharmonic: with pianist Mitsuko Uchida. Kurt Masur conducts Beethoven's *Piano Concerto No.2" and Shostakovich Symphony No.5"; 8pm; Apr 5, 6, 7, 8. 11 (7.30pm)

 New York Philharmonic: Kurt Masur conducts Weber, Schumann, Williams and Prokoflev, 8pm; Apr 12 Pinchas Zukerman: violinist with Marc Neikrug, pianist, plays Mozart, Neikrug and Brahms; 3pm; Apr 9 Carnegie Hail Tel: (212) 247 7800 Alfred Brendel: an all-Beethoven programme by the planist; 8pm; Apr

OPERA/BALLET

Metropolitan Tel: (212) 362 6000 La Travlata: by Verdi. Produced by Franco Zeffirelli, conducted by John Flore; 8pm; Apr 8, 11 (8.30pm) The Ghosts of Versailles: by Corigliano. Produced by Colin Graham, conducted by James Levine; 8pm; Apr 7, 12 New York City Opera Tel: (212) 307 4100

 La Traviata: by Verdi. A new production conducted by Yves Abel and directed by Renata Scotto. Soloists include Janica Hall/Oksana. Krovytska and Stephen Mark Brown/ Richard Drews; 8pm; Apr 8, 8 Lucia di Lammermoor, by Donizetti. Conducted by Christopher Keene and produced by Tito Capobianco; 8pm; Apr 9 (1.30pm)

The Merry Widow: music by Lehár, English book adaptation by Robert Johanson. Conducted by Eric Stern, directed by Robert Johanson; 8pm; Apr 7, 8 (1.30pm)

PARIS CONCERTS

8, 11

Champs Elysées Tal: (1)49 52 50 50 Phliharmonic Orchestra of St Petersburg: with violinist Martha Argerich. Youri Temirkanov conducts Prokofiev; 8.30pm; Apr 12 Philharmonic Orchestra of St Petersburg: with violinist Shlomo Mintz. Youri Temirkanov conducts

Prokofiev: 8.30pm; Apr 12

OPERA/BALLET Opéra National de Paris, Bastille Tal: (1) 47 42 57 50 Lucia di Lammermoor: by Donizetti. A new production by Andrei Serban, Maurizio Benini and Roberto Abbado (from April) conduct the orchestra and chorus of the Paria National Opera; 7.30pm; Apr 5,

■ SAN FRANCISCO

GALLERIES de Young Museum Tel: (415) 863

 Monet: paintings of Monet's garden in Giverny from the Musée Marmottan. An exhibition of 22 works created between 1903 and 1926; to May 29

OPERA/BALLET San Francisco Ballet Tel: (415) 865

2000 Programme Five: Includes "Haffner Symphony", music by Mozart choreography by Helgi

Tomasson, the world premiere of "Caniparoli" with music by Bach and traditional African choreographed by Val Caniparoli; 8pm; Apr 6 (2pm), 7, 9 (7.30pm)

 Programme Seven: includes "Bagaku" with music by Toshiro Mayuzumi and choreographed by George Balanchine; 8pm; Apr 5, 8

■ WASHINGTON CONCERTS Kennedy Center Tel:(202) 467 4600

 Jessye Norman: soprano with pianist Ann Schein in a programme of works by Barg, Strauss, Ravel and Messiaen; 7pm; Apr 10 National Symphony Orchestra: Elizabeth Schulze conducts Berlioz'a "Symphonia Fantastique"; 8.30pm; Apr 6, 7, 8

OPERA/BALLET Washington Opera Tel:(202) 416 7800

 Carmen: by Bizet. A new production with Denyce Graves in the title role. Ann-Margret Pettersson directs a production by Lennart Mörk. Conductor Cal Stewart Kellogg. In French with English surtitles; 8pm; Apr 7, 9 (2pm)

THEATRE Arena Stage, Fichandler Theater

Tel: (202) 488 3300 I am a Man: directed by Donald Douglas. Recreation of the Memphis garbage workers strike of 1968 and the civil rights movement; 8pm; to

Apr 9 Kennedy Center Tel:(202) 467 4600 Laughter on the 23rd Floor. Neil Simon's play set in the 1950's heyday of television comedy; 7.30pm; to Apr 23 (not Sun)

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Egypt, for long the prize pupil in Uncle Sam's Middle East class, has lately heen making a nuisance of itself oo an issue very close to his heart: the extension of the Nuclear Non-Proliferation Treaty (NPT).

The treaty has been in force for 25 years. Under its own terms, that means a decision must now be taken about its future, at a conference of all the signatories which is to open in New York on April 17. The treaty provides three options: it can continue in force indefinitely, or "he extended for an additional

fixed period or periods" A single fixed period can be ruled out. It would amount to fixing a date of expiry, which with Russia and almost the whole industrialised world, is rooting strongly for indefinite

The treaty may not be per fect, say the Americans. Ohvi-ously it needs back-up in the form of supplier restraint to prevent countries like lraq. Iran and North Korea from cheating, and counter-prolifer ation measures to deal with any that slip through the net. But it has helped hold the line against proliferation more successfully than many thought possible when it was drafted in the 1960s. One hundred and seventy-one states have now signed, including South Africa, Ukraine and Argentina - all of which scrapped weapons or weapons programmes to make themselves non-nuclear states. Among those which have not signed, only India, Israel and Pakistan are believed to have nuclear weapons capability.

In short, the treaty is a Good Thing, and should be extended indefinitely so that there are no further doubts about its future. Moreover (say the Americans) this is really the only option since no one is sure what extension for "fixed periods" would mean. If the periods succeeded each other automatically and indefinitely that would be the same as indefinite extension. If not, what would happen at the end of each one of them?

The ban on the

bomb Extension of the proliferation treaty should be unanimous, if not indefinite

this reasoning. (The Non-Aligned Movement still has some relevance in this context, as the club of developing countries unhappy with US global hegemony.) These countries are not satisfied the five nuclear weapons states authorised by the treaty (US, Russia, UK, France, China) have fulfilled their side of the bargain.

The treaty was presented as a step towards general disarmament. All parties to it undertook, in Article VI, "to oursue negotiations in good faith on effective measures relating to cessation of the nuclear arms race at an early

Egypt argues that the treaty is unequal, so long as Israel is allowed not to join it

date and to nuclear disarmament, and on a treaty on general and complete disarma ment under strict and effective international control

The non-aligned, which will hold a caucus meeting in New York next week, are not satisfied with progress made under this heading - and feel that such progress as has been made recently (notably in talks on a comprehensive test ban) owes much to the pressure of the approaching NPT deadline. They argue that indefinite extension of the treaty would remove this pressure, giving the nuclear powers a licence to remain nuclear powers indefinitely while preventing any other state from becoming one. Therefore they favour extension for fixed periods, interpreting this as an option to continue the status quo, with a period which the conference is free to decide. The NPT is an unequal

treaty on the global level, in that it divides the world into nuclear and non-nuclear states. Egypt argues that it is also unequal on the regional level in the Middle East, so long as Israel is allowed not to join it. An Egyptian campaign on this issue over the last few months has caused intense irritation in Israel, where there is almost "nuclear option" (a euphemism for Israel's undeclared nuclear

power status) as a last-resort

guarantee of Israel's existence. Egypt accepts that this made sense so long as Israel was surrounded by enemies, but finds it unjustified in an era of peace. Israel agrees in principle, but insists that it has to take account of the threat of long-range missile attack from Iraq or Iran. Full regional peace must come first, say the Israelis. Only two years after peace treaties bave been signed hetween Israel and every member of the Arab League, plus Iran, can talks begin on a nuclear weapon-free zone. And now is certainly not the time to raise the issue with the Israeli public, which is currently being asked to contemplate withdrawal from the Golan Heights as the price of

peace with Syria. The US, which shares Israel's anxiety about Iranian nuclear amhitions, seems to have accepted this argument. It regards Egypt's campaign as untimely and tiresome, putting in jeopardy an important US foreign policy goal for the sake of regional prestige, on an issue where no tangihle benefits can be expected. But the US has no interest in seeing Mr Muharak's position weakened either at home or in the region. Mr Clinton will no doubt be content if he gets a promise from the Egyptian president to

abstain from lobhying actively against indefinite extension. The US claims already to have lined up a majority of states for indefinite extension, and says it will be satisfied with a majority no matter how narrow. Others believe the votes are not there yet, and argue that extension by a narrow majority, however legally valid, would seriously weaken the treaty's moral and political force. If the treaty could be given another 25 years of life consensus, or by an overwhelming majority, that would aligned countries which reject new deadline at the end of a surely be a better outcome.

or most of the past decade, business experts have been promoting the notion of the "international manager" as an inevitable consequence of the increasingly global nature of markets and products.

The reality has not always matched the rhetoric. In spite of the popularity of international comparisons in setting executive pay, the number of their skills between markets is relatively small.

High-profile examples of executives heading foreign companies, such as Mr Lindsav Owen Jones, the Walsh-born chairman of France's L'Oréal, Mr Boh Bauman, the US-born chairman of British Aerospace, and Mr Gerald Hampel, the Austrian managing director of Same, the Italian tractor manufacturer, are rare.

Moreover, many companies that claim to have an international culture do not practise what they preach. A study of 12 leading multinationals hy the Massachusetts-based International Consortium for Executive Development Research, a think tank, suggested that most multinationals are far less globally minded than they think they are. The companies put relatively little emphasis on issues such as managing a culturally diverse workforce, managing alliances with other companies, and living ontside one's home country.

Nonetheless, the creation of "cross-cultural" employees is seen as an increasingly important goal for many companies operating in overseas markets. As a result, they hope to promote the exchange of ideas, expertise and skills, improve the management of crossborder alliances and create the same quality standards around the world.

For example, Logica, the international computing services company, has recently decided to transfer many staff to other countries, so that between 15 per cent and 20 per cent of its staff will be working abroad. This fourfold increase from a few years ago is an attempt to bond the company's fragmented husiness structure. "It is a way of creating a truly international culture. It is an important glue structure," says Mr Jim Mckenna, group personnel director, "There is a real competitive advantage hy being able to present the same

quality around the world," Practical difficulties of overcoming cultural barriers are heing taken increasingly seriously, according to Mr Kevin Barham of IOC Ashridge, a

The image of an international manager does not always match the reality, says Vanessa Houlder

Culture shock for executives

consultancy and research group based in France. This interest stems largely from companies' experiences with international partnerships in the late 1980s, which often foundered over cultural, rather than strategic, issues.

Research has underlined the difficulties of working with people from different national cultures. Studies hy Mr Fons Trompenaars, a Franco-Dutch expert on national differences in business, have demonstrated the divergence of cultures on matters including hierarchy. authority, humour, assertiveness and working hours.

Using a database of the cultural characteristics of 15,000 managers and staff from 30 companies in 50 countries. Trompenaars shows the difficulty of transferring management techniques between countries.

For instance, performance-related pay often fails in countries such as France, Germany, ltaly and large parts of Asia, where people tend not to accept the notion that "individnal members of the group should excel in a way that reveals the shortcomings of other members", Feedback sessions may motivate US manag ers, but German managers find them "enforced admissions of failure"

Some management ideas do not translate into other languages. The terms "coaching". brainstorming" and even "teamwork" are either meaningless or have different connotations in different countries.

Even the most international companies admit the difficulties in getting different nationalities to work well together, "Multinational teams do not happen naturally - on the contrary, the buman inclination is to stick to its own kind," according to Mr Percy Barnevik, He heads ABB. Europe's largest electrical englneering group, which is a texthook example of a multinational business with more than four nationalities on its supervisory board and more than 20 at group headquarters. The question of how to deal SO, MR OHEF EXECUTIVE, NOW WE FIND OUT HOW MUCH YOU ARE REALLY WORTH IN THE INTERNATIONAL MARKETPLACE



with these issues was aired recently by a group of compa-nies, including BP, the oil major, The Thomson Corporacultural awareness. tion, the Canadian travel and publishing group; and Marks and Spencer, the retailer, in a seminar organised by the Man-

a UK-based training company. The creation of an international manager has, they agreed, become far more comdicated than it used to be in the days when expatriates were sent out "to colonise the world". The task now involves greater sensitivity and cultural awareness than it did in the days when managers sent out by head office felt they could simply tell the local people what to do.

agement Training Partnership.

International experience does not by itself guarantee an international perspective or the ability to work effectively in different cultures. Nor do training courses represent a panacea, although they play an important part in teaching managers about cultural diversity and the merits of cross

The true cross-cultural manager is, it seems, born and not made. "A lot of it is about the personal drive to succeed which is very difficult to train," says Mr David McGill, head of individual learning and development at BP. "Making someone aware of cultural diversity is something that has to start at day one when they join the company.

Some nationalities are more skilled at cross-cultural management than others. "It is often people who come from smaller countries where there is an element of in-huilt diversity, such as Belgium or Switzerland, who seem to be the most successful," says Mr Nigel Brockmann, human resources director of the publishing arm of The Thomson Corporation.

Language skills account for

part of the success of managers from smaller countries. But linguistic shilities, although important, are not the only skill needed by a a cross-cultural manager. "We have had some people from the UK who go to a continental subsidiary with hardler are the control of the contro iary with hardly any knowledge of language but who manage to communicate," says Ms Nicole Huygens, a Belgianborn manager who works in Marks and Spencer's Paris office "It is an attitude of mind." Humility is an impor-tant quality, she says. "You hava to accept you are not going to be as confident or competent as you are in your

own environment. This need to adapt to the culture and values of a foreign country, while representing the culture and values of the parent company can be chal-lenging, says Mr Brockmann. Yon cannot go completely native but cannot be totally

rigid," he says. Finding these footloose, sensitive and resilient individuals is not easy. There is, for instance, increasing resistance to being moved from employees whose sponses have their own careers.

lso, companies that have undergone rationalisation have been left with a flatter organisation structure and fewer senior positions overseas. Their cost-cutting efforts ... mean they baulk at the cost of sending people overseas, which traditionally has been some two-and-a-half times the cost of a local manager.

Corporate restructuring has

also affected people's willing-ness to work abroad. Many fear endangering their jobs by lowering their profile at head office when the company is cutting staff.

Companies are adopting alternative solutions, such as short-term secondments and exchanges, and by having multi-cultural project teams. Another, more profound: solution is to put more empha-

sis on developing senior man-agers from the subsidiary's country. Taken to its logical conclusion, this may mean opening the main board to high flying executives from

other countries.

Although this strategy makes it harder for companies to stamp their identity on sub-sidiaries, it may make the business more acceptable to customers in other countries. Ms Huygens says: "There is more and more reason for international companies to develop nationals for cost and image."

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keep to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to 'fine'). Translation may be available for letters written in the main international languages.

Important things have not changed

From Mr C.J. Lord. Sir, Peter Barker (Manage-ment: "In search of a good fad", March 31) says: "What has changed compared with 100 years ago is that, today, everyone in the organisation is charged with contributing to improving its performance.

Does he really believe that commercial and industrial life was so different 100 years ago? I suspect that the principal difference between the practice of factory or any other management today and 100 years ago is that today it is talked about much and acted on little, whereas earlier there was little discussion but much action.

Did the shop floor operator of 1895 have less respect for his manager than does his 1995 counterpart? I doubt it. Did the factory manager of 1895 take less interest in the human problems of his workforce than does 1995's manager? I donbt it. Were there more layers of management than exist today?

The greatest need in British industry and commerce today is the same as it is in politics. the health service, the social services and education: good old-fashioned leadership, which consults, involves, decides, explains and acts; but which also maintains ethical and moral standards that earn the respect of those being led. C.J. Lord, PO Box No.4,

Reliance Works, Liverpool Road, Chester CH1 3SD, UK

No justice in opinion of Canadian fishing dispute with EU

From Mr Royce Frith. Sir. Your editorial, "Fish wars" (March 31), suggests there is some justice in letting EU boats continue taking their "traditional" 75 per cent of the halibut catch. I disagree.

You may not be aware that over the past three years, while Canada has dramatically reduced its catch to conserve the stocks, the Spanish catch has skyrocketed. It went from 5,000 tons in 1989 to 50,000 tons

To give in now fully to the Spanish demands is to reward the bad conservation practices which forced us to act in the first place. Royce Frith.

Canadian High Commission, Macdonald House, 1 Grosvenor Squar London WIX QAB. UK

From Ignacio Suarez-Zuloaga. Sir, Your editorial, "Fish wars", is full of moderation and common sense but forgets key issues in this matter. First, that the capture of a vessel in international waters is an act of piracy. Wa all remember the British policy of not negotiating with aggressors because this encourages further violations of the law.

Do you remember the attitude

Second, you forget that Can-

of the British government in

your fishing conflict with Ice-

ada has completely devastated its 200-mile exclusion zone (traditionally the richest fishery in the world) in only 12 years. Only when its fishermen exhausted their fishing

reserves did the Canadian government start to care about ecology and the future of maritime species. Third, if national waters con-

tinue expanding, free navigation is going to come under increasing pressure. These new artificial borders will expand and we will soon see border nations demanding fees for crossing "their" waters: defence controls, pollution and danger of accidents may be good excuses for this prac-

Fourth, you forget that Spain is the largest per capita con-sumer of fish in Europe. It has the largest fishing fleet, and we are seeing how our fisher-men lose their jobs as they are expelled from one fishing place

after the other. We have observed how Can ada and other nations, with neither consumption nor fishing tradition, huild fishing industries with the purpose of expelling foreign fishermen and then exporting to their countries. This is not an issue of ecology, it is an issue of economy.

Ignacio Suarez-Zuloaga. Serrano 111. 28006 Madrid,

Global warming a fact, despite imprecision

From Dr R. Russell Jones. Sir Mr Turundi (Letters March 30) claims that the Organisation of Petroleum Exporting Countries is "not trying to sabotage the Berlin conference on climate change" hut then goes on to state that there is doubt about the science of global warming. I am not sure what "independent" reaearch and forecasts Mr Turundi is referring to, but he must recognise that the scientific reports produced by the inter-governmental panel on climate change represent the consensus view of the scientific community worldwide. He should also realise that global warming is not just a theory: it is an inevitable consequence of releasing greenhouse gases into the atmosphere and depends upon world population, the increasing demand for energy and the hurning of for-ests to free land for cultivation.

There may be legitimate doubt about the speed of this process, and whether one can attribute current freak weather conditions to the effects of global warming, but one can-not deny it is happening. The past decade saw eight of the 10 hottest years this century and current temperature trends

match predictions precisely.

Any scientific discovery which impinges upon established industrial practices will generate criticism, and opposi-tion can be expected from those companies and, indeed, those countries which profit those countries which profit from the burning of fossil fuels. But no one should be deceived by their position or helieve that the science of global warming is so uncertain that remedial measures can be rectived. postponed indefinitely. R. Russell Jones.

Lambeth Palace Road

London SE1 7EH. UK

Not much demand for ⁹ this facility

From Mr Nick Tyrrell. Sir, I can only imagine that John Griffiths (Motor Racing, March 25/26) means to advocate lebensraum as a solution to Nigel Mansell's cockpit dis-

What a Grand Prix driver might get up to given sufficient liebensraum is best left to the imagination - although even the most dynamic of today's new hreed is unlikely to want to make full use of such a facility at 200mph on the start/finish straight.

Nick Tyrrell, Bak Oxford International, Peter Merian-Strasse 23 PO Box, CH-4002 Basel,

Nation with a liking for inflation

From Mr Fabian Finloy.
Sir, Samuel Brittan asks (Economic Viewpoint, March 30): "Why, nevertheless, do most voters seem bitterly dis-satisfied?"

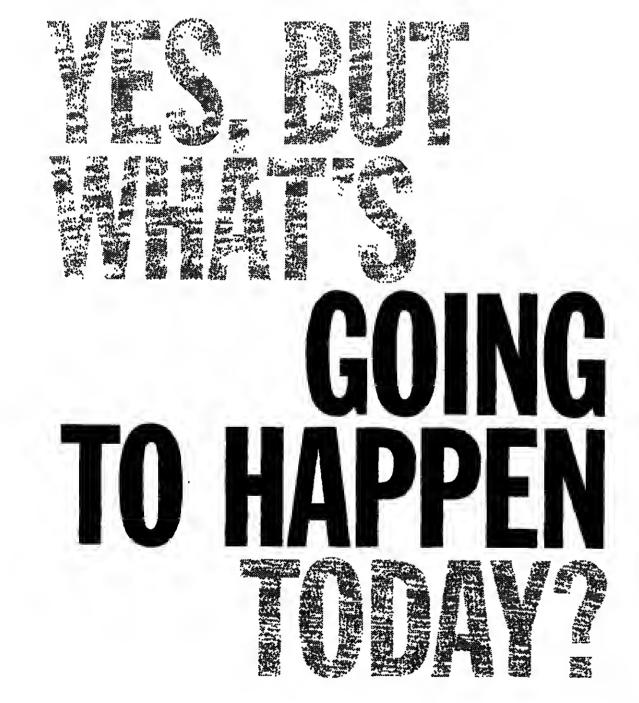
Any government that sets ont to defeat inflation in the UK must expect that its reward is to be voted out of

The British people have a great liking for inflation and it will take more than the life cycle of one government to cure them. They like having substantial nominal increases in salary every year. This makes them feel richer even though they are not.

The Tory voting classes also have a deep-rooted love affair with house price inflation on which all their ideas of wealth creation are based.

It will be to the great credit of the present UK government if it continues to hold down inflation through to the next general election - and it will be to the discredit of the nation if it is voted out of office in consequence. Fahian Finlay,

investment manager, 10 Audiey House, 9 North Audley Street, London WIY IWF.



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Wednesday April 5 1995

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representatives of the main industrial countries gathered in Detroit for a special G7 jobs summit. The aim of US president Bill Clinton's conference was to highlight the labour market as an urgent con-cern for all rich country governments. Yet the political response on both sides of the Atlantic remains at best paltry, and at

worst, profoundly damaging. In the US, the spectre of a rising urban "underclass" of low-paid, under-employed workers has built support for drastic policy remedies. The Republicans' welfare reform legislation, now awaiting a vote in the Senate, stops short of abolishing the US welfare system altogether. But the basic aim is a negative one: to free state governments to be as parsimonious as possible in their support of unemployed families. In the absence of positive measures to boost employment and take-home pay among the unskilled, punching further holes in America's already frugal social safety net will almost certainly increase urban poverty and crime rates, not decrease

European debates about unemployment have lately focused on other possible causes. Many hlame developing country trade for falling wages and employment among the unskilled; arguments for a protectionist response are gaining popular support.

At the government level, more attention has focused on measures to deregulate labour markets.

on employment It is just over a year since these lines in France, Germany and elsewhere have met stiff political resistance. Meanwhila, unem-

> A report published today hy tha London-based Centre for Economic Policy Research casts Europe's unemployment problems in a fresh and revealing light. The authors argue that all three of the most prominent explanations are flawed. Neither the state of different countries' welfare systems, nor developing country trade, nor "rigid" labour markets, can on their own explain the recent rise in unemployment, although the third may have played a part in allowing it to persist. More impor-tant have been a lack of innovation by companies, and uncompetitive product markets.

ployment rose to 11.2 per cent of

the west European workforce last

The report favours more widespread deregulation of labour markets, but only as part of a many-sided approach to raising employment among the unskilled This would include provision of more resources to in-work benefits for the low-paid, and a more vigorous approach to encouraging com-

In Europe, at least, none of these measures would be overtly controversial, and all can be expected to have a positive effect on employment. Vigorous support for a number of modest solutions to the right problems - would be a sizeable improvement on the misguided search for "big" solutions which has typified the past

African tragedy

Like Bosnia three years ago. Burundi is sliding into a genocidal war which everyone can predict. yet seemingly no one can prevent. The protagonists are the same two ethnic groups involved in last year's genocide in neighbouring

Rwanda. In Burundi, as in Rwanda, Ger-man and later Belgian colonisers identified the Tutsi as the aristocracy, and used them as the instrument of indirect rule. This had the effect of consolidating their power, and of sharpening resentment against them among the Hutu, who form a substantial majority of both countries' populations.

The two groups speak same the language. Differences between them were originally socioeconomic rather than racial. But history has given them an all too clear sense of their own, and of each other's, identity. The Hutu, seeing themselves as oppressed, have stressed the ethnic diffarence, while the Tutsi, at least until recently, have sought to dismiss it as an invention of colonial-

In Rwanda the Hntu seized power in a revolution just before independence in 1962. Burundi by contrast hecame independent under Tutsi leaderahip, and its army is still ovarwhelmingly Tutsi. This is a vital difference. Last vear's violence in Rwanda was genocidal in the full sense of the term: Hutu militias carefully planned the wholesale extermination of the Tutsi, with the connivance of the then government and armed forces. In Burundi the Tutsi

massacre as a way of terrorising the Hutu into continued submis sion. No doubt the Tutsi fear that majority rule in Burundi might lead to a genocide against them similar to what took place in Rwanda. But the methods the army is using make that in the long run more rather than less Events in Burundi are discour-

aging for advocates of preventive diplomacy, the fashionahla nos-trum of a world community dismayed by the cost and difficulty of peacekeeping and conflict resolution. A great deal has been done in Burundi over the past year-anda-half to try to avert the worst, notably by the resident special representative of the UN secretary-general, Ahmedou Ould-Ahdallah, by the UN high commis sioner for human rights, and by numerous non-governmental organisations. But the Greek tragedy goes on.

In seeking to do more the international community should focus on identifying and prosecuting individuals responsible for incite-ment to genocide, on jamming the radio stations they use for it, and on providing financial and technical support to serious and peaceminded newspapers and radio stations. Postmortems on ethnic conflict always highlight the role of the media in bringing it about. Providing balanced and objective reporting, or helping local journalists to do so, may be the most important contribution tha outside world can make.

Bias and the BBC

The BBC made a mistake in scheduling a television interview with Mr John Major for Monday this week, three days before the local elections in Scotland. But the delay imposed by the Scottish courts on the transmission of the programma north of the border sets a dangerous precedent.

Unlike the independent television companies, the BBC is not legally bound by the Broadcasting Act to provide balance in its political coverage. As a public service broadcaster it instead has its own guidelines to ensure it cannot be accused of political bias.

These rules decree that, over time and across the range of the corporation's television and radio outlets, it should provide balanced and impartial access to all politi-cal parties. More detailed require ments for election campaigns state, quite ohviously, that the necessary neutrality should be achieved over a much shorter timescale and, where possible, within programmes.

The decision to conduct a 40minute interview with the leader of the Conservative party so near to the Scottish elections might well have breached that rule. A leaked memorandum from the corporation indicates that the Panorama interview was certainly a borderline case. To suggest, however, that the BBC was unwise does not imply that the Scottish judges were right in delaying the

programme's transmission. When politicians demand impartiality on television and radio what they really want is favouritism. The opposition parties which at the politicians.

challenged the BBC's decision ware not fighting for constitutional principle. Instead they wanted to replace what they feared might be good headlines for Mr Major with damaging reports of a political row. The Labour party was keen to flex its muscles to ensure the BBC did not bend in the face of a recent spate of Conservative attacks ovar alleged anti-government blas. The Liberal Democrats and the Scottish National party have long demanded more coverage than merited by their electoral support.
The BBC is not infallible in

meeting its obligations. Recent criticisms from Mr Jonathan Aitken, the chief secretary to the Treasury, about aggressive questioning by interviewers should be dismissed as whingeing. Politicians afraid of the tough question should look for work elsewhere. But television and radio news output too often does appear to lack a steadying hand at the tiller. It suffers from the breathless reporting of alleged "gaffes" seen hy young political journalists as a prerequisite for slots on the bulle-

None of this is evidence of political bias. The constant harassment of programme-makers and executives by the politicians has long made it harder for the BBC to enrich straightforward reporting with balanced, informative analysis. If the courts now assume a role in second-guessing decisions on individual programmes that task may become impossible. The BBC is not perfect, but take a look

says he demanded one thing in late 1993 when Mr Edouard Ballador the French prime minister, offered him the chairmanship of the troubled state banking group Credit Lyonnais: total support.

Two and a half years later, with an outline rescue package to clean the bank's balance sheet agreed with the government. Mr Peyrelevade feels he has received it, without ever having to ask the prime minister again.

Under the plan, which has been sharply criticised by competitors and politicians, some FFr135bn (£17.4bn) of the bank's assets will be hived off into a separate company and sold over the next few years. The FFr50bn in losses which this process is expected to generate will be underwritten by the state, and in theory at least - repaid by a combination of Crédit Lyonnais's future profits and the proceeds of its eventual privatisation.

"I believe it is a balanced plan," sald Mr Peyrelevade, relaxing with a cigar during an interview in preparation for the hank's announce-ment today of 1994 losses of FFr12hn. "Unfortunately what we have demanded is absolutely indispensable to clear the halance sheet and have a chance to return rapidly to profit.

For a man who has just heen through a gruelling six-month nego-tiation with the government on the shape and scale of the rescue package, Mr Peyrelevade seems positively cocky. This is partly because he feels events have vindicated the warnings he had issued from the outset about the legacy of the bank's reckless expansion during the 1980s and early 1990s.

He says that when he came to Crédit Lyonnais, after five years as head of Union des Assurances de Paris, the insurance group priva-tised in 1993, he told Mr Bailadur that the bank would have to write off losses of FFr30hn.

That was far more than anyone else expected at the time, and accumulated provisions and losses are now likely to be more than three times this amount. For a long time Mr Peyrelevade says he was on his own in warning of the problem.

"I shall never forget November 1993 to November 1994. No-one believed what I said. Everyone said I was exaggerating the losses. They were convinced I was playing poker till the last minute. In fact, my estimates at the time were too low. "I expected that It was going to be

tough, but it was worse, I was certainly too optimistic. I am willing to accept criticism on that point, but on one condition: only from people who were more acute than I was. I haven't found them yet."

The gilt-edged rescue package

Jean Peyrelevade, chairman of Crédit Lyonnais, tells Andrew Jack and Andrew Gowers of his plans for the bank

in the first place? He rejects suggestions that much of the losses resulted from fraud. For him, the culprits are the hank's previous management and, more generally, France's distorted system of corporate governance.

"In French companies the chairman is a complete monarch by the force of law, and necessarily the chief executive. I can do anything make any kind of decision - without any kind of inlernal discussion.

I think this should be changed.

We need something like the Cadbury code [the UK code on corporate governance], hut we must change the law. France is incapable of respecting professional codes. Everything not forbidden hy law is considered acceptable."

Since arriving at the bank, Mr Pevrelevade has introduced a fourperson executive committee - including himself - which meets every week for candid debate on all important decisions. He has also created an independent audit committee - on which he does not sit to watch over the hank. Such reforms, he suggests, mean the mistakes of the past are unlikely to be repeated at Crédit Lyonnais.

How much of a change do they really represent? Sceptics have pointed out that members of the executive committee are his long-standing friends and associ-ates. "How else can I recruit people?" he asks in return. "I have all the legal power so I can only delegate to people I trust." The most forceful criticism of

Crédit Lyonnais in recent weeks has come not from taxpayers angry at having to pay up for the bank's past mistakes, but from within the close-knit world of French banking - specifically, from Mr Peyrelevade's two largest private sector competitors, Société Générale and Banque Nationale de Paris. Since details of the rescue pack-

age started to emerge, the two banks have launched an unprecedented assault on their rival. They suggest the plan amounts to a severe distortion of competition in the French market, and that it does not impose tough enough conditions on Crédit Lyonnais. Mr Peyre-How does Mr Peyrelevade think levade is visibly irked.



"I am very unhappy with their attitude." he said. "I was not informed before they went public, even out of pure courtesy. They are seeking to get rid of a competitor. I think the majority of French banks disagree with them, and all the international banks | have spoken to have said the plan is good."

Somewhat cheekily, Mr Peyrelevade even argues that his two rivals "should be grateful" for the plan. Witbout it, he says, they might have been forced to stump up for the losses themselves.

"Article 52.1 of the French banking law: any shareholder has to support an ailing hank," he recites from memory. "Article 52.2: if it cannot, the central bank may invite the financial market to bail it out."

There was in any case little alternative to the rescue in its current form, he says. Apart from the legal issues, Crédit Lyonnais would have had to be salvaged under "a principle applied everywhere in the world: the bank is too big to fail". Splitting up the bank and selling

it off in pieces would destroy its value, while placing it in receivership and attempting to find a buyer would be impossible without a government guarantee almost identical

to the current plan.
With relish, Mr Peyrelevade points to a historical precedent. In 1932, Banque Nationale du Crédit ran into difficulties and needed a government rescue. Its had loans were hived off and financed by the government. All debts were paid off by the bank, with the last payment made to the French treasury in 1962. The healthier part of the bank later merged with BNP.

But isn't Crédit Lyonnais still being let off too lightly? Its competitors complain, for example, about the return the state-owned bank will earn on its hived-off assets. Under the complex terms of the deal, this is below market rates but well above what the assets would yield without government subsidy.

Mr Peyrelevade is unrepentant. The terms of the rescue were as tough as they could be without pushing the bank into insolvency. Anything harsher, he hinted, and he would not find it easy to carry on. "I don't enjoy playing impossihle games. Any tightening in the conditions would make the bank very difficult to turn around.

n one respect. Mr Peyrelevade concedes there is some artifice to the deal. Theoretically, it should run over 20 years. But the chairman admits the terms of the game will change radically at privatisation, which could happen within five years.

In particular, he says, the "special dividend" of profits to be extracted by the state could not be continued after privatisation, and would be abandoned, "with some compensation". The government, he implies, has an obvious interest in privatising Crédit Lyonnais as a going concern rather than in shackles.

For the time being, the higgest uncertainty concerns whether the European Commission in Brussels will veto the Credit Lyonnais plan as anti-competitive state aid. Mr cussions he and the government bave held with Brussels, but thinks a rejection "unlikely".

His main interest now is looking forwards, "Our first objective is to return to profits," be said. That means further cost cuts and job losses, asset sales over and above those intended under the rescue plan, and a concentration on core areas: retail banking in France and neighbouring countries, and wholesale banking and capital market activities around the world.

We need to reconstitute our

systems of management control. We bave a solid senior management layer. The greater challenge is changing the spirit and culture of middle management to leave behind the idea of universal banking."

With state support assured, the dently viable bank has just begun.

Falling sales of UK unit trusts are more than a blip, say Gillian O'Connor and Richard Wolffe Retail investors retreat

ritish retail investors seem to be fast losing interest in unit trusts, the open-ended courts are open-ended equity mutual funds which are one of the most important vehicles for UK personal investment.

As the peak season for unit trust sales draws to a close this week. with the end of the tax year, the figures look grim. Net sales of unit trusts to the public have collapsed recently, falling to \$92m worth of units in January and £88m in February compared with £524m and £537m respectively last year.

investors are traditionally enthusiastic about unit trusts when the stock market is rising but pull back when it goes into reverse. But there are signs that this drop in sales is more than just a blip - and that even if the market onproves, unit trust sales will remain comparatively sluggish.

Unit trusts are increasingly sold through personal equity plans (Peps), which accounted for almost 50 per cent of all unit trust investment last year. Peps offer tax-free income and gains on up to £6,000 invested in each tax year, and towards the end of the tax year there is always a sales drive to

encourage investors to take advantage of their annual tax-free Pep

But investors influenced by tax advantages have learnt that the stock market has a way of offsetting such considerations. The market peaked in February 1994, and has failed to show any sustained and convincing signs of recovery since. Most people who bought trusts in late 1983 or early 1994 will be showing a loss after 12 months. Understandably, they are not in a hurry to go back for more. Even the more sophisticated

investors seem to have lost confidence in unit trusts in favour of keeping their money on deposit. While unit trust sales have declined over the past 12 months, huilding society savings have recovered substantially. Net receipts stood at £519m in February compared with net withdrawals of £404m in the same month last year. It is four years since the level of huilding society receipts last ran as high.

The same trend is evident in

But in spite of this new type of direct stock market dealings by

active private investors. Sharelink, a leading telephone-hased private client stockbroker, made a loss in the first half of last year and last

The picture is depressing for the fund management industry, which has attempted to convince investors that the total return on unit trusts - the income plus capital growth is a better investment over the long term than alternatives auch as huilding acciety accounts. But investors seem to prefer immediate income to long-term total returns.

week said that it was discussing a

The industry has bope left: from this summer. Peps are to be allowed to invest up to 100 per cent of their funds in corporate honds. Bond Peps investing in these fixed-interest securities should be able to offer investors tax-free yields of about 8 per cent, which is competitive with most rival high-income investments. The sales message will be that they offer a higher income than building society deposits, with less risk than equities.

trust, there are other threats to the industry on the borizon.

One of these is on profit margins where pressure is already intense. Management groups have tradition-ally raised charges in two ways: through an initial charge at the time of the investment of anything np to 6 per cent of the amount invested; and through annual charges averaging about 11/4 per cent of the value of the unit trusts. But many management groups are now abandoning the initial charge on many of their funds to win market share.

Another is that later this year, unit trust salespeople could have to follow life assurance companies in disclosing charges to customers. This is likely to scupper fund managers' attempts to increase annual charges to replace initial Meanwhile, new competitors are

moving into the market, including Mr Richard Branson, chairman of Virgin group, the airline and leisure concern. His plans to market a cheap and simple index-tracking

Pep under the Virgin brand name son is just the latest competitor: banks, building societies and life insurance companies have also entered the market.

Some in the industry argue that the squeeze on profitability will force medium-sized companies out of the business, or into the arms of predators. If so, the outlook is not good for the 166 fund management groups that manage more than 1,500 UK unit trusts.

indeed, some of the more nimble groups seem to be selling out while they still have something left to sell. Last week Jupiter Tyndall sold itself to Commerzbank, Germany's third largest bank. This week Govett & Co put both its UK and its US fund management sides up for auction after the collapse of a move to acquire Duff & Phelps, a USbased fund manager.

The scramble to buy fund managers such as Jupiter Tyndall and Govett is as yet a pale imitation of the rush for British stockbrokers that preceded Big Bang, the stock market shake-up of 1986. But the market in fund management groups appears to he distinctly healthier

OBSERVER

Ballad of a hitcher

■ Hitch-hiking can be a risky husiness in France, as elsewhere. Just ask prime minister and presidential contender Edouard Balladur, who last month tried his hand at the art of l'auto stop.

The official version is that heavy fog forced Balladur's helicopter to land, en route to a rally in Arles. Rut his luck was in - a passing female motorist in a Mercedes ohligingly gave him a lift to his destination. The advanture gave a timely boost to Balladur's efforts to appear a bit more, well, sexy. But Balladur's opponents now suggest the escapade was a set-up.

Pierre Moscovici, treasurer of the Socialist party's presidential campaign, yesterday alleged that Ralladur's adventure was scripted and that the belpful chauffeuse -Claire Lacaille - is a relative of Georges Tron, a Gaullist deputy and Balladur ally.

Yes, Tron is a distant cousin of her husband, says Lacaille. But in an interview with AFP, the French press agency, she added that "we do not have any contact with him". She is irked: "I regret these insidious allegations. I can assure you that it was pure chance. Besides, how would Mr Balladur be able to order the fog?" Balladur's aides also shrug off

Moscovici's allegations. "Do you

think we would have arranged to

have a Mercedes pick him up? It would have been better to have a Renault," said one. But Moscovici scents scandal: "Do you think that in other countries this would not have consequences?" he asked. "I think that in the US, the candidate would have to withdraw," he added. Last word to Lacaille: "Moreover.

I can tell you that while I vote for the right. I won't vote for Balladur and I have no intention of changing, even though I liked him." Cold shoulder on the hard shoulder.

Use your head

■ Hardly imaginable, a few years ago. A half-lifesize plastic version of the Mount Rushmore heads of US presidents George Washington, Ahraham Lincoln, Thomas Jefferson and Theodore Roosevelt, is about to be erected in Moscow's Gorky park.

The German construction group FAB is putting up the replicas as part of a new leisure centre in the park, backed by an anonymous Russian husinessman living in Germany.

All we need now is giant plastic heads of Lenin and Stalin to go up in New York's Central park, and the world will have come full circle. Or something.

When in Rome Rome is going potty about Keats, the 19th century British Romantic

poet who was huried in Rome in 1821. This year Italy's capital is celebrating the bicentenary of his birth in style. Poet (and Keats hiographer) Andrew Motion has been, English literature professor and Boh Dylan expert Christopher Ricks is due, as are novelists Penelope Lively and P D James.

Given the melancholic condition of contemporary Italian politics, the appropriate. Keats's "negative definition" fits contemporary Rome like a glove: "When a man is capable of being in uncertainties, mysteries, doubts, without any irritable reaching after fact and reason."

Take good note

■ The protracted debate between EU member states over the magical goal of monetary union is tricky enough - but nothing compared to the struggle for the design of the Ecu banknote.

After months of debate, a sub-committee of the European Monetary Institute has narrowed the choice down to two alternatives: an identical note for all member states, or a note with one standardised side and a side which will be different for each country.

A decision is promised for later

this year. That will just leave the

bureaucrats with the terrifying hattle over what the pattern itself should look like. Maybe they can fix that one in

time for the more likely deadline of about 1999, if not the planned date

Berlin stinker

 Keep an eye out for Silje Schei Tveitdal, a 20-year-old Norwegian student. She popped np at the Berlin conference on climate change - remember that? - this week, causing a stink by asking if it could end its own hot air. "Can anybody tell me what's happening at this conference?" she asked.

Taking to task Australia, Canada, Europe and the US for failure to act she also lashed out at Norway and its prime minister, Gro Harlem Brundtland Said Tveitdal: "She's the one who stated that the important thing is to think globally and act locally. I couldn't agree more. The problem is that she forgot to do anything about the emissions of ber own country. Instead she has made Norway the second-largest oil exporter in the world."

She should go far - although perhaps not in Norway.

Pate on the back A correspondent writes to the

Tampa Tribune: "I was appalled at the graceless way your editorial writer attempted to deliver the coup de gras to the Florida Orcbestra . . Too meaty a performance, no

Financial Times

100 years ago **OS markets very duli**

New York: Dusiness was very dull at the opening in Wall Street today and continued on a very restricted scale throughout the session. The sales totalled only 161,573 shares. An unfavourable view appears

to be geoerally taken in the Street with regard to the report of the Canadian Pacific Railway. A ridiculous canard gained currency today to the effect that

the Queen was dead. The story was, of course, soon ascertained to be without foundation.

50 years ago

Stock Exchange takes action The Stock Exchange Council is amending its wartime temporary regulations regarding permission to deal in order that the House should fall into line with the Treasury's new capital issues policy, which bans dealings in private placings for at least six months.

At the same time the Council has drawn up instructions to members which set forth the procedure to be followed in applying for permission to deal in securities placed with institutional buyers. This is to enable applications to be made at the time of the placings.

FINANCIAL TIMES

Wednesday April 5 1995

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Claes admits to 'error of judgment' in affair

Nato chief not to quit despite bribery scandal

Mr Willy Claes. Nato secretary general, said yesterday he had no intention of resigning over a bribery scandal, but acknowledged an "error of judgment" in the

"I see no reason for me to resign I am innocent," Mr Claes told journalists in his first public comment on the affair in the past month. He argued that he still enjoyed the confidence of Nato's 16 members and bad received messages of support from many senior politicians

The controversy centres on the Belgian government's decision in 1988 to purchase helicopters from the Italian company Agusta. In his most detailed account of the affair to date, Mr Claes said the choice was made well before the leaders of his Flemish Socialist party were told that Agusta was prepared to make payments to party funds.

Mr Etienne Mange, the party's former treasurer, who is now in custody, has admitted accepting e payment from Agusta of BFr51m (\$1.8m) for party coffers,

and investigators are still trying to find out where the money went. Mr Claes, a veteran socialist politiciao, was economic affairs minister at the time

Mr Claes said vesterday that he and several other senior socialists had firmly instructed Mr Mange not to take any money from Agusta after the treasurer told them in January 1989, that the party could "obtain its own

piece of the cake". The Nato chief said that in the light of subsequent revelations that Mr Mangé ignored these instructions, "we should not have had so much confidence in our own authority in directing Mr Mangé to refuse any financial

contribution' However, Mr Claes stressed that the Belgian cabinet's final decision to buy Agusta helicopters bad been taken on December 9 1988 with the approval of all four parties in the ruling coali-

As economics minister, he had submitted to his cabinet colleagues a report on the economic offsets associated with the helicopter deal. However, the Belgian military had already decided in favour of Agusta, over rival bids from France and Germany. before his ministry's report was drawn up.

"I have nothing to hide, I can look everybody right in the eye," said Mr Claes, adding: "I have said clearly to the judicial authorities that I am at their full

disposal to help them."

Mr Claes said he saw no reason why he should take responsibility for the fact that his former long-serving chief of staff, Mr Johan Delanghe, had also been taken into custody.

"Having thought long and hard about the matter I believe it my duty not to abandon ship hut to steer the alliance through these difficult and challenging times,"

tha Nato chief said. He went on to give a grave assessment of some of the main challenges facing the Nato alli-ance. Mr Claes acknowledged that a host of unresolved issues was piling up on his desk, including "relations with Russia, new models for US-European co-operation and bitter quarrels between



UK prime minister John Major (left) and US president Bill Clinton in discussions at the White House yesterday. President Clinton insisted relations between the UK and the US had not been severely damaged by his recent row with Mr Major over the Northern Ireland peace process. Mr Major earlier held talks with Bob Dole, the Senate Republican leader

Software may bedevil computer security

Continued from Page 1

between computers from competing organisations or countries Satan's creators bave refused industry pleas to limit distribnprofessionals, or to charge a high enough price to discourage casual users

Concern about Satan bas prompted computer companies

Europe today

Five-day forecast The northward shift of low pressure systems will continue, giving way to high pressure over the UK. The Benelux, the UK, Germany and France will be settled as a result. Temperatures over western Europe are expected to drop to seasonal values. The Mediterranean will remain sunny during the next couple of days, although developing low pressure will increase cloud over Spain during the weekend.

Much of Europe will be dry as low pressure and associated rain and frontal zones move north. The southern Benelux, wes Germany and northern France will have sunny spells. The Alps and southern Germany will be cloudy but dry. Eastern Europe will have sunny periods but the Mediterranean area will have plenty of sun. High cloud will linger over Sicily and southern Spain but the sun will still be visible. Rain will affect northern Ireland and

some drizzle is expected in the southern

to check the vulnerability of their products. "We have run Satan internally and our systems are secure," said Mr Eric Shmidt. chief technical officer et Sun Microsystems, a leading supplier of computers used to store Internet databases. Sun has also nrged its customers, to implement the latest updates to their

software to improve security.

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puters from backers. "The good guys are fighting back."

Companies selling computer security products and services are already seeing a surge in interest. "As awareness is heightened, the bosses react," said Mr Devid J Blumherg, a director of Checkpoint Software, an Israeli company that sells "firewalls" which protect com-

Crédit Lyonnais on rescue

Mr Jean Peyrelevade, in an

"I don't enjoy playing impossi-ble games." said Mr Pevrelevade. "Any tightening in the conditions would make the bank very diffi-

He said the criticisms of the plan – principally launched by its two leeding rivals Société Générale and Banque Nationale de Paris - were not shared hy many other hanks and it appeared they were simply seeking to "get rid of a competi-

"nonsense" his rivals' calls for the sale of the assets bived off the balance sheet to be managed

today, on top of FFr6.9hn last year. It is also set to unveil provisions of FFr18bn and goodwill write-offs of about FFr3.8bn.

ers opening accounts in the past year was down by about 20 per

were the result of fraud, hut added that in France, codes of conduct needed to be backed by law. He also stressed that the Commission Bancaire, which supervises French banks, might work more closely with hank

The gilt-edged rescue package, Page 13; Lex. Page 14; Bank sells

bid change By Andrew Jack in Paris

of the chairman-chief executive.

His comments were triggered by criticisms from French politicians and leading banking com-petitors that the requirements on Crédit Lyonnais were too lenient in a rescue plan which allows it to remove FFr135bn (\$28bn) in assets from its balance sheet for sale, in a process underwritten hy the government.

cult to turn around."

Mr Peyrelevade also rejected as by an independent body.

Crédit Lyonnais is expected to report losses for 1994 of FFr12bn

Mr Peyrelevade said there had been no appreciable decline in husiness from existing customers as a result of the financial difficulties surrounding the bank over the past few months, but said the number of new custom-

He rejected suggestions that many of the hank's past losses

chief warns

The chairman of Crédit Lyonnais, the loss-making bank controlled by the French state, has warned that any attempts to toughen the terms of the government-backed rescoe announced last month would risk jeopardising the survival of the group.

interview with the Financial Times ahead of the bank's annual results due out today, called for radical changes to the system of corporate governance in France, with new laws that would force a delegation of power from the grip

"I would he very pleased to give it up, but it would be stupid. Nobody else could manage them without damaging their value," he said. "We have a relationship, we know the problems. We have no interest in delaying the sales."

THE LEX COLUMN

Curbing French bosses

A cynic might say Credit Lyonnais's boss is only banging the drum for e better system of corporate governance in an attempt to defuse anger over the massive state ball-out of his bank. But that does not detract from the fact that French corporate governance needs a shake-up. Mr Jean Peyrelevade is surely right to argue that empire-building rather than frand is the main cause of Credit Lyonnais's plight. Moreover, the problem of overmighty chairmen is not confined to Crédit Lyonnais.

Finding e solution, though, is not easy. Mr Peyrelevade wants new laws to weaken chairmen's powers. Split-ting the roles of chairmen and chief executives, the current trend in the UK, or introducing German-style collegiality may look fine on paper. But such changes will make a big differ-ence only if owners are in practice prepared to hold managers to account. The snag is that few are willing to

fulfil this role. Not only does France lack strong pension funds, many big French companies are bound together in a network of cross-shareholdings and cross-directorships. They are unlikely to take e hard line if they are engaged in the same empire-building as those in which they own shares. Some hope that foreign investors, who own over a third of France's

quoted shares, could act as a spur. But, if they do, it is more likely to be by selling shares than by taking an activist line. Companies may then realise that the way to cut their cost of capital is by introducing better checks.

European equities

After months of thumb-twiddling, European equity markets suddenly came modestly alive yesterday. However the movement was not pronounced enough to suggest that the tide of sentiment has turned in Europe's favour after e lackinstre first quarter. Beset by nervousness over currencies, European markets fell by 2 per cent in the first quarter, with the DAX index of German shares down 8 per cent, Madrid and Milan down 6 per cent aplece and the UK's FT-SE 100 Index up 2.5 per cent.

The recuperation of the US dollar was the immediate cause of yesterday's rally. The evidence, however tentative, that the dollar has found a floor acts as a general tonic to investors' confidence. Moreover, if the dol-lar's recovery proves sustainable, it will be of direct benefit to European

FT-SE Eurotrack 200: 1375.1 (+15.0)

companies which earn a fair propor-tion of their profits in the US currency. An additional positive factor is the abatement of currency tensions within Europe itself, following the Bundesbank's surprise decision to

lower interest rates last week. Any further calming of currency nervousness will make European equity markets look more attractive. The best value is probably to be found in the UK and France, where shares trade on a multiple of some 13 times expected earnings for next year. German shares still look pricy on 15 times expected earnings. Italian and Spanish markets look much cheaper - but the currency risks are still considerable. But even though valuations are far less stretched than a year ago, the markets are not screamingly cheap.

Barings/ING

ING should stop moaning about how long it is taking the Bank of Englandto complete its investigation into the Barings collapse. One can understand why ING wants the bank to come to a speedy conclusion. Once the bank has identified who was to blame for Barings' failure to control its trader, Mr Nick Leeson, INC's own job of deciding whom to fire would he simple.

But the bank's job is not to make it easy for ING to sack people. Its probe has a semi-judicial nature. Though it should be completed quickly, it would be foolish to rush out a report that was not entirely accurate. A more tell-ing criticism of the bank's inquiry is: that it is not fully independent.

ING should have fired, or at least suspended, those tainted with the debacle as soon as it bought Barings a

aged the morale of the bulk of Barings employees; it can hardly be motivating to have those responsible still in their midst. Customers are not happy either. They do not know whether the bankers they are dealing with now will still be at their desks in

everal months time.

ING's shareholders must be wonder ing why the management has not taken swifter action. The sooner Barings has a new manage the better the chance that ING's investment will pay off. Fortunately, ING now seems to be gearing up to dismiss those it believes are to blame. That would be better than attempting to hide behind the Bank of England.

UK property

Notwithstanding yesterday's sub-stantial leasing deal in Canary Wharf, the best of the cyclical recovery in UK commercial property prices may already be over. Property outper-formed returns on both equities and gilts last year. But Richard Ellis's latest property index shows a 2.1 per cent fall in average capital values for the year to March, the first fall since August 1993. Of course, property shares have already underperformed the stock market by 11 per cent in the past year. But share prices still take for granted a recovery which looks

increasingly uncertain.

The problem is that UK economic growth has been led by manufacturing, and has been driven by rising productivity. Retailers remain depressed, and elsewhere in the service sector the emphasis is on rationalisation and controlling costs, such as rent. There are pockets of recovery, But while rental increases are reappearing for quality modern office buildings, a surplus of ageing low quality space will continue to restrain

the overall market.

Property shares are trading at an everage discount to net asset value of around 16 per cent, compared with a 15 year average discount of 23 per cent. In addition, the shares offer a market average dividend yield, at a time when dividend growth will fall substantially short of other sectors. Pre-election tax giveaways would help erase the current atmosphere of corporate restraint, and provide some impetus for further rental growth. But the election remains some way hence.

> See additional Lex comment on UK bus groups merger, Page 21

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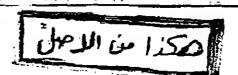


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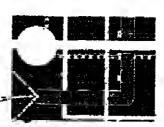


View from the top: Gerhard Schulmeyer of Siemens Nixdorf



Personal computing

and the battle of the



Software at work Database management making the connection

Directions

The ups and downs of teleworking Pages 18-19

FINANCÍAL TIMES REVIEW

Information Technology

Wednesday April 5 <u>19</u>95

After the Barings collapse, what are the lessons to be learned? Paul Taylor finds worrying evidence of inadequate risk management in the financial world. Operational risks have increased, too, with the spread of new technology

Risk issues now a high priority

e dramatic collapse of Barings bank at the end of February has shown just how significant the limitations of bank risk manage ment systems are, and at the same time raised questions about the adequacy of self-regulation in fast-moving derivatives

It has also focused attention on banks' own internal checks and controls, and on the computer systems and software available to help them to manage exposure to

In Barings case, risk management was already becoming an important issue. The bank had established an integrated group treasury and risk function to report to a daily meeting of a new assets and liability committee (Alco) which had been set up in

August last year.

A communications architecture, Boris (Barings Order Routing and Information System), had also been introduced to improve the processing of information about deals, and the bank had been considering several risk management software packages, including OpenLimits, under levelopment by ACT, now part of th

Mysis group. However, when Nick Leeson, the Singapore trader at the centre of the Barings collapse, went on his Nikkei futures contracts buying binge, in the wake of the Kobe earthquake, there was no specific market risk management product

Consultants such as Dave Gilbert of Logica identify a handful of specific risks facing banks - market risk related to changes in market conditions, credit risk, bquidity risk, legal risk and operational or settlement risk due to any kind of operational failure, including those related to systems and staff - "the main issues for banks are operational, market and credit

risk," he says. Yet a survey published by Touche Ross just days after the Barings collapse, suggests worryingly that it is not just Barings which has yet to implement the systems needed to protect their businesses. The analysis of 100 financial institutions in the UK found evidence that the majority appear to have totally inadequate risk management systems. It found that:

Almost 60 per cent of firms admitted that their systems did not meet current risk requirements and 43 per cent said internal management reporting would require considerable investment in IT systems. A third of the respondents said that the

European Union's capital which comes into effect on January 1 next year, would require significant efforts to be made. Although, in general, firms plan to increase their investment in risk manage-

backs in this area following recent falls in The findings are wortying, says Derek Ross, a partner in the firm - "more than half of the financial institutions who participated in the survey admit that their risk management systems do not meet requirements. A particular concern is that some firms are focusing on routine admir istrative reporting, rather than the critical

ment systems, a few are even seeking cut-

The Touche Ross findings are supported by a wide-ranging study from the US-based Tower Group market research organisation which covered 20 banking groups in nine countries which was published at the end

core risk management systems.

of October. "Our study found that banks in the US have the most well-developed risk management systems in the world," says Deborah Williams of the Tower Group. Close behind the Americans are the British banks, followed by the Germans and Swiss. Internationale Nederlanden Group (ING). the Dutch bank which came to Barings' rescue is also one of those that had undertaken measures to protect itself. ING has installed Data Sciences' sophisticated Valuta-IDS front office integrated dealing system, which provides a manager with a consolidated view of credit and market risk in real time across a range of financial instruments - "it automates the complete process," says Albert Longvord of Data

Sciences. Few banks outside these countries have the formal processes in place to manage other than credit risk. "Despite the advances made by some banks, risk management practices at banks today - even the leaders - still need improvement," says

The report identifies four main obstacles to the implementation of risk manage processes: organisational isolation; differng systems needs; absence of necessary risk data in current systems; and lack of

available technology solutions. Indeed, although increasing use of automation to process bank products can contribute to lowering many of the risks associated with banking, the large number of applications, operating systems and hardware platforms present a risk in itself. Operating risk, although not new, has thus increased dramatically with the growth of technology.

Systems proliferation has highlighted interconnection problems and incompati-bilities. These have been exacerbated by the unequal development of back and front

office systems. Typically, front office systems and applications are the most modern - profit-generating derivative traders in particular have been able to commission state-of-the-art product development, market analysis and trading systems, often developed by soft-ware boutiques, to run on their PCs and powerful workstations.

In contrast, many cash-starved back office settlement systems are still using antiquated mainframe-based software installed before many of the latest derivatives products were even developed.

he problem facing banks is partly one of choice - "there is a myriad of applications out there, but there is a lack of consolidated information," says Ketth Bear of IBM's European banking, finance and securities division, who sees a huge problem of data integration. The solution favoured by IBM is to build a data 'warehouse' which draws from the various applications and provides a common pool which can then be used by

third party risk management software. "Data access and integration is by far the most difficult and critical problem fac-ing banks today," agrees Williams. "Data aggregation is a key area of competence in order to implement successful risk management systems."

This aggregation takes four forms: local single-product, local multi-product, global single product and global multi product. Williams says the practice seems to be to try to become global first and multi-product next on a product-by product basis,

with high-priority, low-volume, complex products coming first. The Tower group identifies five different kinds of risk management applications, (see charts, page 20), which are relevant. These include product processors with

built in single product risk management functionality (one of the best-known products of this type is Sungard's Devon Derivatives System which integrates trading risk management and operational control of derivatives); management information systems applications which are used for risk management; integrated banking kages with risk management modules; third party risk-management specific packages; and in-house developed systems spe-cific to risk management.

But despite this proliferation of products many of which are profiled in IT consultant Bob Browning's list of Treasury Software available via the internet (http://www.cityscape.co.uk/users/ck99) Williams argues that there is no single vendor package which address all five risk types.

For this reason, many banks have developed their own proprietary risk management packages, or do not have systems in place at all. Predictably, the leaders in terms of risk management systems tend to be the global banks with branch networks around the world. The risk management process at these banks is becoming highly automated with limits tending to be built into trade capture and proces ing systems. In most cases, limit allocation is automated.

These market leaders are investing heavily in proprietary risk systems, with the Tower Group report estimating an average spend of \$10m a year each. Overall, Williams estimates that banks spent about \$3bn last year on risk management with US and European banks accounting for nearly 80 per cent of the total. Risk management is also one of the

astest-growing segments of bank IT spending. The Tower Group expects this spending to grow to \$4.3bn by the end of the decade, with a rising proportion being spent on external vendors.

However, Williams warns: "Banks attempting to implement enterprise-wide risk management in a piecemeal fashion through a combination of internal and external product-based systems are not likely to be successful. The issue of risk management is one which needs to be addressed at a very high level of the bank, but also supported throughout the organisation by the bank's culture processes and

technology."
In the case of Barings, whether the exisence of a market risk management system would have made any difference in the end doubtful. As Jean Hilder, a director of TMS Computer Authors, a London-based information development specialist notes. although controls are mostly brought into effect by IT systems, "the IT system is the mechanism only - the policy for controls must still be set and monitored, and the knowledge must be retained."

Although the failure at Barings has been blamed on deception by a single individial, "it is clear that the bank's own back office systems and management controls should have protected it against losses on this scale," says David Millar, associate director at Hoskyns, part of the CGS computer services group.

Comprehensive risk management systems, if implemented properly, can, nevertheless, substantially reduce the chances of a catastrophe similar to that at Barings happening as bank regulators on both side of the Atlantic have acknowledged in drawing up new bank capital adequacy

 Risk Management Systems for Financial Institutions benchmark Survey, Touche Ross, tel +44 (0)171 936 3000. Bob Browning's Treasury Software Internet Web pages

http://www.cityscape.co.uk/users/ck99 Enterprise Wide Risk management Technology: A Global Study, The Tower Group, (1) 617 253 5777

Key aspects of risk managemen

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EXTENDING YOUR REACH WITH INNOVATION



A big change of company culture

Gerhard Schulmeyer tells Paul Taylor why he is optimistic about the future of Siemens Nixdorf Informationssystme. SNI was formed after Siemens rescued the rapidly failing, independentlyowned Nixdorf

erhard Schulmever president and chief executive of SNI since October last year, has good reason to smile. Five years after Siemens acquired the troubled Nixdorf computer business and grafted it on to its own mainframe operations, SNI is starting to grow again.

company in 1990

Computer

SNI posted a 9 per cent rise in turnover and an 17 per cent increase in orders in the first five months of its financial year starting in October, Mr Schulmeyer, chairman, said at the CeBit fair in Hanover last month. In February orders, led by the revitalised personal computer operations, grew by 28 per cent. On this basis SNI, which made net losses of

DM11.7bn last year and raked up total net losses of almost Dml.7bn in the years 1991-94, should break even this year if restructuring costs are exclud-

orders and sales, the renewed growth is welcome news for SNI's remaining 37,000 workers who have been through a period of painful restructuring which has seen the company shed close to a third of its

"The growth is getting steeper," said Mr Schulmeyer, "It is not just that we happened to have one lucky month, growth is now accelerating.

some help from the recovering German economy, its growth is faster than the market in gen-

Mr Schulmeyer, aged 55, took over from his predecessor, Hans-Dieter Wiedig, at the start of October after Heinrich von Pierer, Siemens's group chairman, broke with tradition to name an outsider to SNI's top post and set a deadline of 1996 for the business to reach break-even - and thus a position of relative strength from which it can oegotiate on equal terms with potential partners.

When his appointment was announced in January last year, Mr Schulmeyer, formerly with Motorola and then a main board member running Asea Brown Boveri's operations in the Americas, said he believed his new job would be fun. He still maintains he is enjoying

For Schulmeyer, who has dual German and American nationality. his SNI appointment marks a return to the

tech electronics. In the late 1970s he worked for Wega Radio, a Sony subsidiary, before moving to Motorola, where he worked between 1980 and 1989, latterly as executive vice president and deputy to the chief executive running Motorola Europe. He then moved to ABB, based in Stamford. Connecticut, where he presided over the integration of two important acquisitions, Combustion Engineering, and the transmission and distribu-

tion businesses of Westing-NI began to implement a restructuring plan Although SNI is receiving which involved group-

ing its activities around business and systems units as means of responding more closely to the markets for computer systems and services. The company's product range was also streamlined and its distribution system reorgan-

The process, however, has been a painful one and is still not complete, Since his arrival at SNI. Mr Schulmeyer has been focusing on the difficult task of generating a new cul-ture for the group. "SNI did not really have its own culture before," he explains. "It was partly Siemens, partly Nix-

Siemens was still dreaming of its mainframe days and Nixdorf was stuck in its mid-range mentality. "We managers have to learn to take risks, otherwise nothing will happen," he

There is a clear and pressing need to transform SNI into a more dynamic and entrepre-

neurial organisation able to compete in the fast-moving, market-driven world computer industry, but Mr Schulmeyer, who spent six month on the faculty at Massachusetts Institute of Technology teaching management, before taking up his SNI post, has chosen to be the catalyst for change, rather than present his own agenda

from the top. He has set a tight 12-month timetable to transform the company - "I knew that if I put it on a longer schedule nothing would happen. Changing a corporation's mentality usually takes three to five years, and we don't have it," he said.

"We cannot think in terms of two-year or five-year plans. We have to think of days . . . if you don't have a major technical feature change evary six months, you start to look old. You must revamp your entire product range every 12 months or you begin to look out of

He says the repositioning of SNI is taking place on two levels, behavioural and structural "As far as the behavioural aspect is concerned, we started with 30 people within the company and trained them very fast to be able to run a large conference of about 400 people. Then, these 400 people identi-fied 19 areas which are critical to move in the right direction. throughout the company so that each and every employed had an opportunity to look into the subjects - out of these subjects our people developed 60 ubject matters projects which are suitable for working on for a period of 90 days and very

matters, to which we will invite all Siemens Nixdori employees. At the moment we hava some 1,000 people serious ly involved."

At the same time, he says an internal survey confirmed that one of the biggest problem within SNI was communicate tions. As a result, a number of new initiatives have been introduced, including Friday Forums, where any employe can raise issues and ma ment is expected to present report card on where the company stands and invite those attending to participate in the

planning process.

More responsibility and accountability has also been pushed down to those entrepre neurs who stand at the inter section of regions and bus

says Schulmeyer, is to act as coaches. Parallel to this. SNI's top management has been restructured. There are now 16 senior managers of whom eight have been recruited from outside. them is Among Lussier, the former chief executive of Pyramid, who has been put in charge of the

Pyramid, the massively paral-lel processing specialist, allows SNI to offer "the world's most complete hinary. compatible scaleable line of Unix computers." Mr Schul-meyer adds: "We acquired Pyramid partly because we wanted to have some of this Silicon valley entrepreneurial



FINANCIAL TIMES REVIEW Information Technology About this second Review Welcome to the second issue of the FT Review of Information Technology, our monthly guide to the latest trends and developments within one of the world's most important business secto The review appears on the first Wednesday of each month with copies of the FINANCIAL TIMES (except August and January).

Since our first issue, the importance to business of information technology systems as a management tool has been highlighted by the problems at Barings, and in our introductory article this " month we focus on some of the tessons which companies in the financial services sector can learn

In this issue we are also looking at the onward march of the personal computer and the power these machines linked through client/server networks can put on the executive's desidop. We also look at the growth of teleprodong, at some of the equipment to back this development, and the issues it.

Future FT/TT reviews will continue to highlight areas of interest and concern to our business readers, (see the back page of this Review for details of forthcoming issues). We are also looking forward to a continuing dialogue with our readers, many of whom have written with comments and suggestions. about this new publication. Your ideas and points of view on issues we have already mentioned to which you think need to be considered or discussed - are welcome.

We hope you will enjoy reating this letest FT Review of Information Technology and will find it used and relevant to your business activities.

Rhys David, FT Surveys Epitor

Writers in this issue (volume 1, number 2) include: Peul Taylor, Louise Kehoe, Mich Claire Gooding, Philip Manchester, John Kavanagh, Michael Dempsey, Olive Could Banks, Tom Foremski, Geoffrey Wheelwright, Michael Witishire and George Black,

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The next issue of the monthly FT-IT Review will be published on Wedne

Main topics will include:

Advances in mobile computing. Outsourcing and facilities management: a monthly u Systems for financial consolidation and integration. ce technology; new business applications.

Production Editor, IT Review, FT Surveys Department.

For a more detailed symposis, please see the announcement on the back page of this Range.

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Personal computers - The price war hots up as suppliers fight for market share, reports Paul Taylor

More power on the desktop

Over the past decade, the personal computer has put real computing power on the desktop, transformed corporate data processing and become the driving force behind the reshaping of business operations in the 1990s

ess than 15 years after the first desktop personal **d**computers were introduced, client/server networks are replacing the traditional mainframe machine for many husiness applications - even those mission critical applications. As a result, the market for powerful network servers has become one of the most

dynamic. Meanwhile, local area networks are being interconnected to form wide area networks spanning the whole of a company's operations. This trend has turned the manufacturers of interconnection equipment such as routers and hubs into some of the fastest-growing businesses in the industry.

By the end of this decade, nearly 70 per cent of compapies are expected to have moved all their applications over to client/server systems. Thus the installed base of mainframes is falling by about 10 per cent a year despite dramatic recent reductions in the cost of mainframe computing

Nevertheless, the traditional mainframe - or rather its updated large system equivaent, powered in future by standard CMOS-based microprocessors - probably does still have a role to play in enterprise computing, particularly as a corporate information

In the US, an estimated 64 per cent of PCs ware connected to local area networks last year, up from 52 per cent a year earlier and by 1998 it is predicted that 85 per cent will

But this shift to PCs and networked PCs in particular, has cast a spotlight on the cost of ownership of PCs themselves as corporate buyers hava become increasingly concerned about obtaining value for money from their spiraling IT Last year, more than 60 per

cent of the \$137bn spent on hardware was used to huy PCs compared with just a quarter of the \$38bn spent on data processing in 1983.

By 1988, more than three-

quarters of total IT investment is expected to be spent on the merging PCs and workstation

market "We live in an age of client/ server configurations, with PC and Unix workstations as the clients and PCs and other open systems as the servers," said Mr Horst Nasko, vice chairman of Siemens Nixdorf Information Systems' managing board.

They offer the ideal prerequisites for optimum IT support through tha introduction of networked holistic solutions. It has nevertheless been found for many, a painful and expensive experience - that it is simply not enough to buy a few PCs off the rack, load shrinkwrapped software in to them. and then interconnect it all via local area networks (Lans) and public networks. The development of enterprise IT solutions very quickly takes on large ons in terms of organisational structure, technology and financial expense."

recent report by the US-bssed Gartner mar-Laket research group showed that on average, the five-year cost of networked PC ownership bad risen from \$19,000 in the mid-1980s to more than \$40,000 today.

Only 20 per cent of the total cost associated with networked PCs is related to the initial irchase. The other 80 per cent includes the ongoing cost of ownership such as training, inventory tracking of hardware and software, software audits and updates, technical support, user downtime, data loss from system failure and so on.

As PC-based networks increasingly become the backbone of today's business environments, corporations are discovering that these networks are expensive and complicated to install, maintain and control, says Andreas Barth, Compaq's European senior vice president. Last month, Compaq, the market leader relaunched its Deskpro line with new features and intelligent manageability designed to cut the cost of ownership.

Compaq, which overtook

IBM to become the world's biggest PC supplier last year, now faces a battle to retain the number one position in the face of fierce competition from IBM and other manufacturers determined to win out in the race to control the desktop - in

the home as well as the office. According to Dataquest, the market research organisation, the worldwide personal computer market grew by 20 per cent last year, driven hy a surge in home personal computer retail sales, sccelerating technological advances and

fiercely competitive pricing. The estimated 48m PCs sold ln 1994 brought the total installed hase of PCs to between 150m and 170m. With PC sales accounting for an ever-increasing proportion of corporate IT spending, no computer company can afford to ignore the dynamic PC segment. This is evident from a renewed determination hy PC manufacturers, such as Digital and Hewlett Packard of the US and Siemens Nixdorf and ICL in Europe, to boost their PC

market shares. However, the strategies of the top ten PC manufacturers vary considerably. For exampls, companies such as Compaq and IBM are emphasising the hreadth of their product ranges by building networking capabilities into their business machines while adding communications and multimedia facilities to machines aimed at the growing home PC segment.

Otbers, such as Digital now one of the fastest-growing PC brands - have shifted distribution channels, switching from direct to todirect sales to boost market share, while Dell Computer has decided to focus on husiness-to-husiness direct sales, Meanwhile, Packard Bell has been very successfully exploiting the fast-growing retail end of the market.

The challenge for Compag and the other leading PC manufacturers, is to stay ahead in a constantly shifting market characterised by rapid technological change, aggressive pricing driven by falling microprocessor chip prices and little, if

any, customer loyalty,

These market conditions have played into the hands of the big brand name manufacturers, such as Compaq, whose resurgence - in competition with the cut-price clone manufacturers since the early 1990s - has become a benchmark for

evertheless, squeezed profit margins and shortening product cycles continue to take their toll on the smaller and weaker companies in the industry and the process of consolidation continues apace. According to IDC, the market research company, the top five PC manufacturers held 45 per cent of the total market in 1993 but are

three quarters of all shipments by the end of the decade. Price competition has been the norm in the PC industry for many years, but the past 18 months has been a particularly turbu-lent period with all the leading PC manufacturers slashtog

prices repeatedly to keep volumes moving ahead. Mr Mike Swalwell, managing director of Dell UK, predicts that increased price/performance across all product ranges, underpinned by the transition to faster proce beginning with the Pentium chip, will drive industry consolidation. The latest price cuts have been fuelled by sharp

reductions the price of the

micro-processors which power

today's desktop PCs, particularly those made by Intel, the world's leading semiconductor manufacturer accounting for around an 80 per cent share of the world market.

Intel has been aggressively cutting the prices of both its older 486 microprocessors and its latest generation Pentium processors to order to head-off competition from AMD, Cyrix and the Power PC chip, jointly developed by Apple, IBM and Motorola, and to make way for its next generation P6 chip. As a recent report by McKinsey & Company into the state of the computer industry noted, the old computer industry strucdominated ture

Continued on page 4



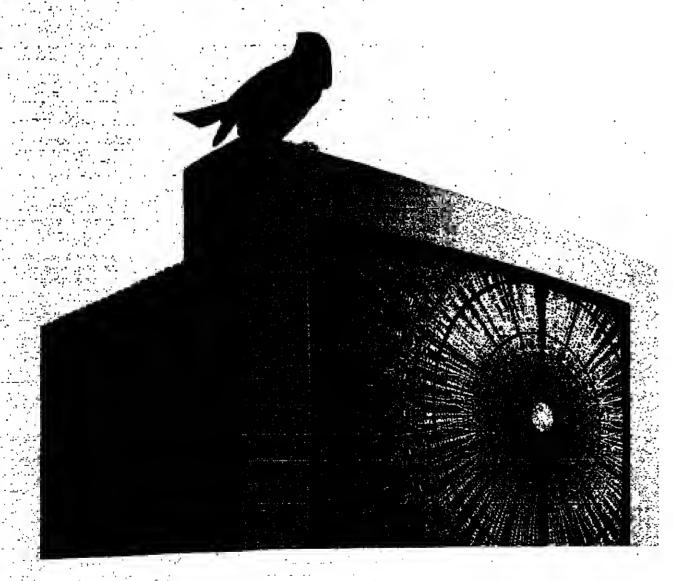
Innovation in document management

The personal computer user. above, is using XSoft's Visual recall system which allows multiple users to locate and access documents across local and wide area Novell networks. Users can also search for words or their derivatives using a 'stemming facility - for example, a search for the word 'mouse' will also show documents containing the words 'mice' and 'mousing.' This facility also operates across multiple languages.

Visual Recall also offers a three-dimensional graphic user interface, allowing users to Instantly view any retrieved document. XSoft Is a division of Xerox.

Focus on document management: case studies among leading insurance companies, see page 8

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Vital for business success

Networks are essential for delivering and capturing information within an organisation

he term personal com-puter is in many ways an anachronism in today'e world where the focus is on networks of computers rather than isolated systems. In the spirit of the poet John Donne, the computer is no longer considered an island. Whether it is linked to other computers via local area networks or by modems, the focus is on beloing computer users work together and to manage a flow of ideas and knowledge within an organisation

Computer networks originally developed out of a need for finding an inexpensive way to help computer users share expensive peripherals such as laser printers and to share files without resorting to copying files on to a floppy disk and walking them over to a col-

From these beginnings, networks have emerged as the single most important key to unlocking the productive capacity of IT investments.

The network is critical to an organisation's success," says Hugh Ryan, director for new age architecture at management consultants Andersen Consulting. "It represents the convergence of computers, knowledge and communications that helps organisations completely re-engineer their business to take advantage of changing markets."

Networks of computers now deliver electronic mail, multimedia training, and desktop video conferencing. They are essential for futuristic concepts



such as delivering and capturing information and knowledge within an organisation – a concept that is rapidly becoming a central focus for the success of s business within a global mar-

network: peer-to-peer and cli-ent/server. The first kind is the easiest to set up while the second kind is more complicated hut far more powerful.

n a client/server network. computer users are connected to a central computer known as the network server. A network server can be s simple PC or it can be a more powerful system equipped with many microprocessors, massive hard drives and large system memory. Its sole job is to help manage store

data and applications and manage the interactions between ers as fast as it can.

in a peer-to-peer nstwork, there is no central server and in essence, each computer on the network acts as both the client and the server. Peer-topeer networks are easier to manage and inexpensivs. Apple Computer for example, includes the AppleTalk peer-topeer network in all of its Macintosh computers, allowing users to set np a network strong together with common

Products such as Netware Lite from Novell, Lantastic from Artisoft, and Microsoft's Windows for Workgroups are for IBM PC and compatible

On client-server networks,

Novell'e Netware operating system is the dominant clientserver software. Products such as Nstware, IBM's LAN Manager and Banyan Systems' Vines, allow organisations to network hundreds of PCs in a client-server architecture.

Network servers have to be fast, powerful machines capable of storing programs and files for many users and providing near instantaneous access. Companies such as IBM, Compaq Computer, AST Research, Sun Microsystems and Hewlett-Packard are leading suppliers of network serv-

Servers typically employ the latest and fastest microprocessors and the trend is to use them in parallel, in multiprocessor systems such as Compaq's ProLiant models.

CASE STUDY Project aims to link 48,000 staff via desictor PCs

690 MP Unix network server.

ISDN-based telephone lines

between the server networks

and the client workstations.

GainMomentum from Gain

Technology was used to create

the multimedia based training

sessions. From this pilot

is to be able to deliver .

directly to each staff

project, the system has been

are used as the bridge

US networks deliver multimedia training

The California-based telephone company Pacific Bell is using networks to deliver multimedia training to staff in a bid to standardise training materials and bring down training costs.

Known as the employee knowledge link, the goal is to make training and staff support data available to most of Pacific Bell's 48,000 staff from their desktop computers. The system will eventually . replace Pacific Bell'e training materials which are based on printed materials and videotapes.

Using the employee knowledge link, Pacific Bell intends to gain better control over its training materials, making sure that the most current versions are used without having to print new materials and update video

As a government regulated husiness, Pacific Bell staff must be made aware of new government regulations and changes in business practices. Monitoring staff to make sure they are using the right version of a training session is a substantial task which Pacific Bell believes can be hetter managed with a centralised network system.

Rapid learning

In addition to improve control, multimedia-based training also offers a richer educational environment with colour, sound, text and animation to help improve the quality of training sessions and enable staff to learn new skills more rapidly.

The employee knowledge link began with a pilot project using Sun Microsystems workstations linked to a Sur

This network will also be used to access reference materials, product and service information and a central knowledge database. Pacific Bell estimates that once completed, the system will net amual savings of about \$3m.

expanded from about eight client workstations to nearly Overcoming problems: 300 Pentium-based client Mr Jack Fine, the project systems located in common manager, says the company areas within Pacific Bell had considered publishing multimedia training session offices. The project has also dropped GainMomentum in on CD-Roms but decided that favour of Authorware, a keeping track of the distribution of CD-Rom disks multimedia authoring system would be a substantial task in from Macromedia The project's ultimate goal

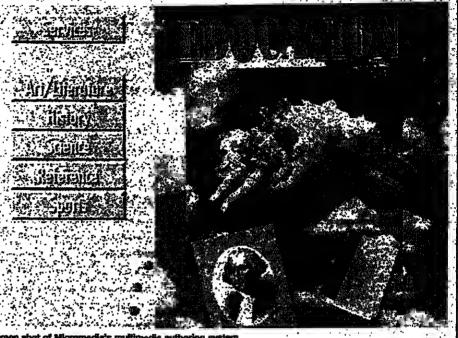
Mr Fine admits that the multimedia-based training project has run into problems "we're learning a lot about

how to use ISDN for 😩 delivering multimedia applications. We've overco many problems and we feel that if we can do this over ISDN, we will be able to use virtually any type of

Although Pacific Bell could have used a higher capacity. broadband network, as s provider of ISDN lines. It believes it is important to demonstrate to customers what can be achieved with "We've shown our training project to customers and they've been very impress he adds. "One university. immediately saw the potential of providing courses over

ISDN lines to virtually

anywhere in the world."



Large systems - Advanced versions of 'big iron' number crunchers are gaining respect among users, reports Louise Kende in Call

The pendulum swings back again

The mainframe could gain a fresh lease on life with new technology

Reports of the death of the mainframe com-puter have been greatly exaggerated, manufacturers insist. Yet the outlook for "big remains uncertain despite a recent upturn in

While IBM with 80 per cent of the world mainframe market, and Amdahl, the largest manufacturer of IBM-compatible mainframes, both reported stronger than expected mainframe sales for the past year, opinions differ widely over whether the improvement represents a bubble of pent-up demand that could quickly burst, or a true resurgence in the mainframe market.

What is clear, however, is that as corporate computer users assess the true costs and complexities of client/server computing in which personal computers and mid-range computers are distributed throughout an organisation and linked by networks, the mainframe is gaining new respect for its proven reliability and perfor-

"The pendulum has swung back in favour of the mainframe," says Joseph Zemke. chisf executivs of Amdahl. Users are discovering that distributed computing and open systems are not the nirvana thet many imagined them to be a few years ago, he sug-

Not long ago it was "politically incorrect to huy a mainframe computer," he says. "Until recently, it was a careerthreatening move for a chief information officer to recommend the purchase of a new

Now companies are choosing computer systems based on rational comparisons of the costs and benefits of either centralised or distributed data processing, whereas a few years ago - when the client/ server trend was at its peak there was a "triumph of rheto-

mainframe. That is no longer

ric over logic," says Mr Zemke. Several other factors have contributed to stronger than expected mainframe sales over the past year. Improved general economic conditions have released money for mainframe purchases that were deferred during recessionary periods.

here has also been a substantlal reduction in mainframe prices over the past two years. Prices are now rooghly half of 1993 levels. While this has significantly reduced computer manufacturers' mainframe profit margins. it has encouraged customers to reconsidsr shifting applications from mainframes to smaller computers.

indeed, the mainframe market may be "bottoming out." says Bob Djurdjevic of Annex Research, a US market research group. Over the past five years sales of IBM-compatible mainframes have dropped 1989 to about \$8bn last year. This year he is projecting a slight increase in sales.

Annex estimates that the revenues of IBM's large scale computer division (which include mainframe bardware, software and peripherals) declined by four per cent last year to about \$8.6bn. The drop was much smaller than in 1993, bowever, when revenues fell by 29 per cent. This year, revenues could pick up to about \$9bn, says Mr Djurdjevic.

However, most Wall Street analysts take a less sanguine view. Computer manufacturers "should not be fooled by the resurgence in mainframe

processor-based systems are the long-term answer," Morgan Stanley analysts said in a recent computer industry

Some market analysts also foresee a continuing decline in the use of mainframes. The US banking industry, which has long been a stronghold for IBM mainframes, will shift rapidly toward smaller midrange computers over the next five years, according to new study by Frost & Sullivan.

Spending on computers by US banks will drop from \$4.6bn in 1993 to \$3.6bn in the year 2000, the researchers say, and the mainframe share of spend-

from a peak of about \$16hn in demand because open, micro- ing will plunge from 53 per. cent to 23 per cent, putting a While IBM has said that it is serious dent in mainframe rev-

> Even IBM is projecting a 10-15 per cent decline in mainframe revenues this year as a result of continuing price cutting. This would represent a sharper fall than in 1994. However, mainframes are doing much better than IBM had predicted in early 1994 when Jerome York, IBM chief financial officer, said that be expected a 50 per cent decline in mainframe revenues for the year.

IBM's view is, in effect, a self fulfilling prophesy. Over the past two years the company has roughly halved its main-

one of the leading US computer manufacturcomeback of the mainframe. IBM's strategic focus has switched to "network centric computing," client/server computing and services, as its primary sources of future revenue growth. Similarly, Amdahl has diversified into open systems computing products.

frame manufacturing capacity.

"sold out" of its traditional

water-cooled mainframes

through the first half of this year and newer CMOS air-

- cooled models are sold out

through the first quarter, this

does not mean that demand

has picked up to historic lev-

Neither company, bowever, is abandoning the mainframe. Both believe that updated technology could give the mainframe a new lease of life.

Already, IBM is bringing CMOS (complimentary metal oxide semiconductor) chips the same technology used in desktop computers - to the mainframe computer world. At the same time, new types of parallel large scale computers are beginning to enter the commercial market sector. ..

The mainframe computer may change, but it will not die. Under the new name of enterprise server or simply large scale computer, it will continue to play an important role in information processing for many years to come.

Ancient number-cruncher: the famous Eniac machine, completed in 1946, with 18,000 valves - its name was an acronymm for 'electronic numeric integrator and calculator.' The Enlac was designed in the US during World War Two by John Atanasoff and John Mauchly to work on ballistic calculations, but the war ended before it

plummeted to 28 per cent.

integrated systems companies has largely been replaced by a highly fragmented chain of companies carrying out specialised tasks. The process of adjustment has been a particularly painful one for the old

continued from page 3

mainframe system vendors. Whereas systems companies such as IBM and Digital captured 69 per cent of reveoue and 75 per cent of profits in 1983, hy 1993 the revenue broadly with a large number of companies, including semiconductor, systems software, applications software and communications hardware companies. As a result, the systems

vendors share of overall reve nue fell to 62 per cent and, sven more crucially, their share of the industry's profits

rending with desictop PCs will have a

ificant impact on the working environment. Last year the worldwid

multimedia PC market quadrupled to 10.3m machines within 12 months

Challenge for suppliers

The strategic challenge for companies in the computer industry has changed to a battle for economic surplus rather than simply revenue, says the McKinsey report.

"The ability to incorporate three aspects of strategic thinking - traditional product and service-based competition, targetting surplus concentration, and developing market specialisation - and to execute against all of them as appropriate, will highlight the difference between the winners and losers in the 1990s."

	ne world's to	op ten PC v	ettaors	
Plank 1994	Vendor	1994 unit	% quarket share	% growth, 1994/93
1	Compag	4,830,000	10	56
2	IBM	4,227,000	8.7	0
a i	Apple	4,125,000	8.5	12
4	Packard Bell	2,285,000	4.7	103
5	NEC	1,706,000	8.5	12
S	AST	1,285,000	2.6	18
7	Deli	1,233,000	2.5	7
а	Toshiba	1,231,000	2.5	65
9 .	HP	1,221,000	2.5	. 84
10	Acer	1,190,000	. 25	63
-	Others	25,167,000	51.9	25
_	All readers	48 800 000	_	27

Compaq, which overtook IBM to become the world's biggest PC supplier last year, now faces a battle to retain the number one position in the face of fierce competition from IBM and other manufacturers determined to win the race to control the desistop - in the home, as well as the office. The figures (above) from International Data Corporation indicate that Packard Bell was the fastest-growing PC company in 1994, with ues forecasts for the year of more than \$3bn.

■ PC disk space - There is increasing pressure on suppliers, reports George Black Data storage: users are seldom satisfied

System designers are just managing to keep up with rising demand

emand for etorage is hooming, mainly because newly popular graphical software applications take up much more space than oldsr character-hased pro-

Other reasons for this trend, according to market analysts et Frost & Sullivan, are the shift from 16-blt to 32-bit opereting and networking systems, the generation of larger files and the increase in the number of programs used by individu-

The arrival of Microsoft's Windows 95 operating system will push up the space needed to run a PC operating system from 60 to around 100 mega-

Users have learnt from experieoce that 'backing-up' data is vital, so they now keep two or even three copies of files where

once they kept only one. Mr Jce Jura, a senior analyst st Dataquest, says the convergence of computing and tele-communications is another important contributory factor "the emergence of video-conferencing and other multimedia applications is greatly ing demand," he says.

Mr Lou Lewis, north European vice-president of sales for ths disk manufacturer, Seagate, says the sharp rise in disk sales in the past 18 largely to the fall in price. Domestic users can now afford to buy multimedia PCs

which used at least 400-500 megabyte hard disks (a megahyte is a million bytes of data) to be able to load portions of CD-Roms (compact disks with read only memory). These pressures will ensure that in the next two or three years the average new per-sonal computer will be able to

store more than a gigabyte (a

thousand million bytes) of data

on hard disk.

Designers of storage devices have not made a significant are just managing to keep up with rising demand, though business users constantly com-plain to their systems managers that there is not enough disk space.

Advances in the density of storage have enabled disk manufacturers to improve the price/performance ratio at the same time as increasing capac-

The newest 3.5 inch and 5.25 inch disks can hold four and nine gigabytes respectively. called MR (magneto-resistive) heads is expected to improve densities further.

Hard disks look like remaining the favourite medium for at least e decade, offering best value for most purposes in hoth capacity and speed of access. Dataquest expects 50 per cent growth in the capacity of disks every year well into the next century.

Optical devices such as CD-Rom, rewritable and Worm (Write Once Read Many) disks

dent in the hard disk market. They are not as fast to access as conventional disks. They are also more expensive, though more durable than tapes for back-up and archiv-

eanwhile, demand for CD-Roms is rocketing, fuelled by the new multimedia PCs, but they are eupplementing, not replacing hard disks. The market in general is

maintaining steady growth -eight per cant per year hy value for hard disk, five per cent for tape drives and 20 per cent for optical devices in Europe up to 1997, according to market research from International Data Corporation, IDC.

Following a shake-out in this fiercely contested market in the past two years, there are now signs of more stability, but the battle for market share continues, with short product lifecycles as brief as nins months to a year.

· Companies dominate different sectors. in the hard disk sector, Quantum and Seagate are hig contestants; in tapes, Hewlett-Packard leads ths field; in CD-Roms, Panasonic is Yet none of these companies can regard their leading position as completely secure.
As data volumee rise,

systems managers face a growing problem of how to access files most efficiently, so as to meet users' expectations of rapid response times. Those expectations must be met because the unavailability of a system for even a few minutes can cost millions of pounds in

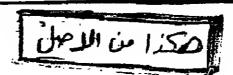
Hard disks are still fallible. One possible way of improving system reliability is 'Raid' (redundant arrays of mexpen-sive disks), where a file can be spread across a numbar of disks, accessed in parallel But Raid is not yet widely understood in the industry and is generally seen as too expensive

for all but top end users. Suppliers face the same challenge as computer manufacturers: the move from a proprietary_environment to open systems, to meet the growing strong, while in re-writable requirement of users to be able media, Fujitsu is a pace-setter. to build multi-vendor networks. Easy communication between storage devices from different sources is essential for this. Some of the latest products, such as Digital's StorageWorks, seek to satisfy

> Better organisation and management of information cangreatly alleviate storage problems. Data compression programs such as Stac Electronics' Stacker can save a lot of space on disks.

Another approach, recommended by Mr Martin Sam payo, etorage marketing man-ager for Digital, is to use. software tools for hierarchicals storage management. These systems automatically migrate data between expensive and less expensive media based of the frequency of access.

200,



Desktop videoconferencing - Now far more than a 'picture telephone,' reports Tom Foremski in California

Smart way to cut travel costs

Future uses will go far beyond the business arena to educational and domestic applications

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With the Short out Links

INDER THE REPORT

esktop videoconferencmg is set for a big expansion following a recent agreement on communications standards, greater availability of ISDN lines (integrated services digital networks) and the development of lower priced products.

Within the next few years, desktop videoconferancing could be as common as electronic mail, as PC makers introduce computers equipped with simple video cameras and as software becomes available for handling videoconferencing over existing networks.

Desktop videoconferencing promises to be more than just a picture telephone. Several users can collaborate on the same document or spreadsheet. for example, while viewing each other in small video windows on the computer display. Once desktop videoconferencing technology is in place, it can be extended to provide other services. Users might be able to access remote cameras to check on traffic or weather conditions locally or across the

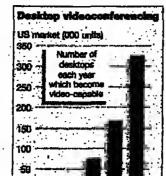
world. Parents might be able to sneak a look at their kids in the classroom or check to see if

they left the oven on at home. So far, desktop videoconferencing has found relatively few users because of high costs and proprietary products which limit usefulness. Intel's Pro-Share system, for example, can cost about \$2,000 per user in terms of additional bardware and will only work with other systems that support intel's videoconferencing technology.

Fortunately, Intel and other members of the Personal Conference Working Group recently agreed to support a common communications stan-dard known as H.320. This will allow desktop videoconferencing systems from different companies to communicate with each other.

Another trend is to dispense with specialised hardware and instead rely on software and tha computer's processing power to handle videoconferencing. Intel has demonstrated a software version of ProShare which will be available by the end of this year. However, in order for the software-only version of ProShare to work, PCs will need to adopt a technology Intel calls Native Signal Processing (NSP).

NSP transfers the functions that add-on boards perform,



video and audio processing, to the main microprocessor. Intel says that as microprocessors ome more powerful, such as its Pentium microprocessor, tbey will be able to handle more tasks.

sce. On Yester Group .

With NSP, we will make use of the extra processor cycles that the Pentium provides." said Intel CEO Andrew Grove when he appounced NSP late last year. "Pentium systems are rarely used at their peak performance. With NSP we will be able to offer customers extra functionality.

Apple Computer has also taken tha software approach with its recently announced QuickTime Videoconferencing (QTC) product. Apple does not

systems are already designed conferencing and ISDN lines is to handle video and audio processing tasks.

"We see a tremendous nomber of applications for this technology," said Rick LeFaivre, vice president of Apple's Advanced Technology Group. "While the first users are mostly business users, there are exciting applications for educational uses and for

At the Intermedia trade show held earlier this year in San Francisco, Apple demonstrated OTC operating across different hardware platforms, including conferencing to a broader set of users. ISDN allows telephone lines to transmit ten times as much data as a standard 14.4 kilobits per second modem.

Demand for desktop videoconferencing should also act as an incentive for telephone companies to provide ISDN lines to larger numbers of telephone customers and to reduce the price of those lines. Californiabased Pacific Bell, for example, is offaring ISDN connections for homes for as little as \$20 per month.

In the US, many companies are obliged to comply with the Environmental Protection Agency's (EPA) Clean Air Act which requires them to reduce car use by employees. The combination of desktop videoone way they can meet Clean Air Act requirements while enabling staff to work part of the time from home and still participate in meetings with

colleagues.

Desktop videoconfarencing will also result in new types of applications. Andersen Consulting has demonstrated an intalligent agent technology that allows a user to manage recorded vidao messages through voice commands and a touch screen interface.

Andersen believes desktop videoconferencing will become increasingly important in cutting down travel costs associated with meetings and in meeting future regulations. "What will happen if the

EPA decides that jet travel causes too much pollution and laws are passed to limit jet travel?" asks Hugb Ryan, director for new age architecture at Andersen Consulting.

Other companies offering desktop videoconferancing products include Alphs Systems Lab with MegaConference, InVision from InVision Systems, AT&T's Vistium Personal Video System, Teleview from Video Conferencing Communications, and LiveLAN from PictureTel.

Bank's videoconference network: see IT Update, page 17



nagers staying in touch: this personal visual communications system from Picture Tel enables executives in widely dispersed organisations to co full-motion when meetings. The PCS 100 system with high-resolution video, runs on a relatively economic integrated services digital network (ISDN). The growing demand for desktop videoconferencing is likely to but as an incentive for telephone companies to provide more — and cheaper — ISDN lines.



One-to-one video conferencing

The new 'Focus PC' system allows businesses to quickly conduct one-to-one videoconferences from any workstation within their organisation, using integrated services digital network (ISDN) connectivity. The system offers users the benefits of multimedia-working at a relatively low cost compared with many alternative videoconferencing solutions. Users simply insert a single card into a PC clot and thus turn their PC into a fully integrated voice, data and full-resolution videoconferencing system. Pre-recorded videos can be transmitted between systems, while files contraining text and graphics can be transferred at high speed to colleagues in advances of a meeting. The package, from GPT Communications, is priced at £3,995.

■ Multimedia - Research intensifies, reports Michael Wiltshire

Market quadruples within a year

Multimedia PCs hold big promise for business applications

Despite much bype and premature forecasts, multimedia's ability to bring together full-motion video, sound, animation, still images and text on a personal computer or workstation will eventually make it the most common form of computing, analysts now predict.

Training, presentation, point-of-sale and refarence databases all benefit from the speed and interaction of the computer, comments Frost & Sullivan, the market research company. These functions also benefit from the power and effectiva communication inherent in sound, moving video and animation. While the introduction of

personal videoconferencing via desktop PCs will eventually have a significant impact on the working environment there is intense debate on how

multimedia will be introduced in the home. Some observers believe that the television set will be the vahicle to deliver these services, while others see the TV set as a relatively unsophisticated device, believing instead that the home PC will be the answer. Meanwhile, research is being stepped up in the race to find what the market calls 'killer' applications in commercial

t is clear, however, that as the multimedia market grows, it will begin to merge with telecommunications on one side and television on the other.

The world market for multimedia PCs quadrupled last year, with sales reaching 10.3m machines - np from 2.5m in 1993 - which represents a growth rate of 312 per cent, according to researchers at Dataquest in San Jose, California. Apple Computer led the way with 2.4m multimedia es, but was outpaced in the US by Packard Bell which

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won 24.3 per cent of the US market, compared to Apple's 20.5 per cent. While sales of multimedia PCs rose rapidly in the home market, they have generally lagged in the bustness sector, with the exception of specialised applications in the areas of video production, presentation and training, says Bruce Ryon, director of Dataquest's multimedia market research service.

Among European business users, the average 'spend' on multimedia per site is estimated at under £80,000, but a large proportion of potential users have yet to be convinced of the need to acquire multimedia technologies, even at a low-cost CD-Rom level, comment researchers at Input. □ European Multimedia Markets, Frost & Sullivan, Lou-

don, tel +44(71) 730 3438. Dataquest Multimedia Report, US, tel (408) 437-8312. ☐ Input report, UK tel +44(0)

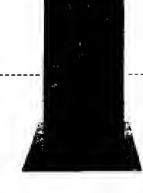
Debate ou multimedia training applications: see page 17



PERFORMANCE

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Combined products - Developments in all-in-one printing, copying and faxing - report by Joia Shillingford

Make way for the multi-function machine

Why buy a separate printer. fax and copier when you can buy a machine which combines all three?

ulti-function machines sound like a great idea, but the first products were not a suc-

Valeris Smith, an analyst at Dataquest, says there are a number of reasons why. Early machines like the Oki Docit a combined printer, copier and fax - were expensive. And the manufacturers had problems creating a new market for

Will the latest generation of products succeed where their predecessors failed? Smith believes that low-end multifunction devices will sell well in the bome market and to executive secretaries because prices are getting more realistic and will fall further. Lowend machines are also convenient because they save space

Marketing is still an issue, however. People usually go out to bny a single-function machine, but may buy an extra feature if it doesn't cost much Yet the capabilities of multi-

function machines are not always equivalent to those offsred on single function machines. For example, the copying features on a low-end fax-printer-copier can be limited. The important thing is to make sure that the requirements for your first (and maybe second) choice function

are met. There is a growing choice of products designed to plug into a personal computer. Panasonic sells a low-end printerfax machine for around £900. Hewlett Packard's OfficeJet fax-printer-copisr costs \$1,000 in the US and will be launched in the UK this autumn.

Rank Xerox will introduce a combined printer-fax-copier later this month based on inkjet printing technology. Other suppliers in the market (or soon to be) include Toshiba, Ricoh, Konica, Canon and Min-

Printing benefits: The Law Society, serving 60,000 solicitors in England DocuTech publishing system, from Rank Xerox

leading the way in this market," says Smith.

It is also possible to buy devices which make an existing machina multi-functional. For example, Japanese companies NEC and Fujitsu, and the printer company Lexmark sell devices which turn a printer into plain-paper fax machine. Faxes are received into the PC. then printed out.

At Fuji-Xerox in Japan it is possible to buy modular multifunction machines. Purchasers start with, say, a copier and can add fax and printing at a

At the top end of the market for multi-functional machines is Xerox's DocuTech, a digital copisr-cum-printer, designed for large companies or dedicated print shops. It can take input directly from a computer or disk which means that one print job can be set up while

another is running.

Smith says: "Top-of-the range machines like the Docu-Tech which offer productivity benefits will do well, but midrange multi-function machines for PC networks will be more difficult to sell. Users will worry about what is going to happen if they want to print out a document, while someone else is doing a copying

Fernando Pozo, general manager office document products at Rank Xerox (UK), says: Early software for multi-function machines did not handle the issue of concurrent use very well. But the software used in Xerox's document server (a combined digital copier, printer and fax machine for networks) makes prioritising different jobs

Pozo says the machine



(essentially a mini-DocuTech) will cost less than buying a separate printer, fax and copier for the network and will enable documents to be put together from a variety of sources. For example, paper documents can be scanned into the machine and combined with text created on a PC. It will also be possible to produce a complete

without leaving the PC. Yet despite advances in multi-function machines, there will always be a place for the high-speed, specialised print

document - from creation to

copying, collation and stapling

facility, plotter or scanner. The market for high-speed printers (75 pages a minute or more) is dominated by Siemens Nixdorf Information Systems (SNI). IBM and Xerox.

The machines are getting faster. Last autumn SNI introduced a printer 26 per cent faster than previous models with a speed of 440 A4 pages a minute. This costs £220,000 and is aimed at companies, such as banks, building societies and insurance companies, with large mailing requirements. Innovations at this end of the market include: improve-

company to add colour to a run of bills (e.g. red for reminders). saving it from having to get

tion of colour.

bills pre-printed. Below 75-pages a minute, a combination of better network

ments in print quality (this has gone up from 240 dots-per-inch

to 300 dpi and will eventually

move to 600); the ability to con-

trol print jobs from a PC or PC network, rather than from a

mainframe; and the introduc-

For example, British Gas is

in the hope of shifting the bal-

using Stemens Nixdorf printers in conjunction with colour. units. The units allow the gas

ment (for printers connected to PC networks) and colour are important. Hewlett Packard is the market leader but a large number of other suppliers also cater for this market. Many plan to introduce multi-function machines

"In the desktop printing mar-ket, thera are three key trends," says Richard Hanscott, Hewlett Packard's personal printer brand man "Falling prices, improving print quality for both laser and inkjet-based machines, and the

An entry-level laser printer once cost around £1,000, but today a four page a minute Hewlett Packard laser printer with a resolution of 300 dpi costs around £400 (excluding VAT).

ser printers are now available with a print quality of 600 dpi and inkjat technology is catching np. "You can get laser-lika quality with tha more sxpsnsive inkjet machines," says Hanscott.

Inkjet printers are cheaper to buy but the cost of each copy is higher. This means they are better for light users, whereas laser printers are best for intensive users. Another difference between the two technologies is that laser printing is permanant whereas inkjet printing will fade a little over

Perhaps the biggest advantage of inkjet printing is that it is easy to add colour. For an extra £35, any HP Deskjet inkjet printer can be turned into a colour printer. By contrast a colour laser can cost over £5,000. Hanscott says: "In unit terms, the inkjet market is growing in a bealthy fashion. The laser printer market has slowed down - apart from the colour laser market which is

It remains to be seen what multi-function impact machines will have on printer sales. But there will soon to be plenty to choose from "The market is going to be flooded." says Pozo.

Pictured above is one of the range of multi-functional fax models from Toshiba Informa tion Systems - the new TF 505 plain paper fax/printer for smaller offices.

Portable computing - by Tom Foremski

New advances with docking stations

Worldwide, more than 7.4m portable computers were sold last year

Portable computers are the fastest-growing seg-ment of the PC market as companies discover the benefits of having a more mobile workforce and as computer echnologies improve to match the power of desktop systems.

Today's portable computers have come a long way from the 201b to 301b (9kg-13kg) monsters that once defined this category. Computers such as the Osborne 1 were the size of a small suitcase and were gener-ally referred to by their users as "luggable," rather than portable. These early computers needed to be plugged into a local power outlet and had tiny

Notebook computers now come with colour screens, battery power, large hard disk drives, internal modems and use powerful microprocessors

such as Intel's Pentium. With many companies now specifying that their staff have just one computer, people are choosing a portable computer as their main system. This is usually in conjunction with a docking station which allows the portable computer to also

act as a desktop system. Wireless data communications technologies ranging from wireless local area networks to cellular phone-based data communications, are also helping making portable com-puters the first choice for many professions. Accountants use them whenvisiting clients; insurance adjustors can process claims more quickly; doctors can access patient records at the bedside; sales people use portable computers to show multimedia presentations to potential customers; and police officers in the US use portable computers to fill out crime reports quickly.

The drive toward telecommuting (see 'Directions' section on teleworking, pages 18 and 19) is also resulting in increases indemand for portable computers. As more compa-nies experiment with telecommuting, buying staff a portable computer that can be used at bome as well as at work, becomes a cost effective move.

According to International Data Corporation, the market research group, more than
7.4m portable PCs were sold in
1994. The market is expected to
grow by 18 per cent annually
to reach a market size of 14.2m units by 1988.

Portable computers bave become a broad category that

includes notebook computers typically weighing about 7 lbs(3kg); sub-notebook computers weighing about 4 lbs(1.8kg) or less and with slightly smaller keyboards; and



functionality of a desktop computer to portable machines without adding much to the weight. These functions include modern/fax facilities

personal digital assistant type devices which do not come with a keyboard and use a stylus to enter data.

While being worthy competi-tors to desktop computers, portable computers suffer from a number of weaknesses and drawbacks. Price is a key issue. A notebook computer has a price about a third higher and a performance a third lower than a similarly

equipped desktop system.

Weight is another factor. Notebook computer manufac-turers have managed to decrease the weight of their products over the past few years through the use of ligh-ter liquid crystal displays and greater use of custom chips which replace large amounts of circuitry. But rechargeable bat-teries are heavy and there has been little progress in developing lighter batteries while still providing reasonable portable

Many portable computers are still limited to about a four to six-bour battery life which requires users to carry replacement batteries if longer operating times are needed. Tha trend is towards 'smart batteries' with a specification developed by Intel and Dura-cell which equips batteries with their own chip that monitors power usage, and special software to make battery use more efficient.

Portable computer manufacturers are also moving toward more exotic batteries such as lithium ion which offers more power for the same weight as the more familiar nickel hydride and nickel cadmium batteries.

Japanese scientists recently reported the davelopment of a scientists recently new type of battery, based on the plastic polymers - dimercaptan and polyaniline which could produce lighter batteries with longer life.

The use of PCMCIA cards (PCMCIA stands for personal computer memory card-international association) is another key trend in portable computers. These are credit card-sized cards which simply plug into a portable computer to deliver a wide variety of functions ranging from a modem/fax capability to local area network adapters and solid-state hard drives. These PC cards add the func-tions of desktop computers without adding much to the weight of tha portable com-

To compete better with desk top systems, PC manufacturers offer docking stations. The are small modules that offer extra functions ranging from simple ports for networks and larger monitors, to bigger units containing larger hard drives

and CD-Rom drives.

Apple Computer's Duo Dock is the most sophisticated of the docking stations, polling in a portable Duo, rather like a video tape in a VCR. Other docking stations require the user to press the portable com-

One problem is that most notebook computers only work with docking stations from the same manufacturer. However, IBM and Toshiba docking stations will accept notebook computers from different manufa turers. Microsoft's Plug and Play computer architecture promises universal docking

Portable PCs: manage



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builder, Siemens Nixdorf. "A lot of the decisions about spend. Most customers do not

Groupware - Computer networks offer fresh business opportunities, reports Philip Manchester

Co-operative working now an irresistible trend

Computers and communications provide a key for people to work together more effectively

If information technology (IT) is the chicken, then applications are eggs. Although usually referred to as 'problems,' applications provide the energy which fuels innovation. New ideas are 'hatched,' grow to maturity and spawn a new generation of

But computers and communications - the hrace of technologies which make up the IT sector - create their own agenda. Not only do they make it possible to carry out existing tasks in a different way, they also create new possibilities in the workplace.

The tedium of typing helped to creat the wordprocessor. But it also stimulated the development of 'graphical user interfaces.' Spreadsheet programs made it easier to understand complex arrays of numbers -

and also led to the development of special 'maths' chips which could be used for 3D graphics. The most recent innovations in IT combine desktop computers with digital telecoms to improve communications - both inside a business and beyond it.

This edvance will change work patterns - at least as radically as the motor car has over the last half century. It provides the foundation for teleworking, it can bring businesses and individuels together in an electronic marketplace and it opens the way to new co-operative ways of working that were impossihle previously.

The effects are already evident - with increased use of electronic mail (email) systems for husiness communications and the emergence of software which supports co-operative Groupware products like

Lotus Notes, ICL'e TeamWare and Novell's Groupwise build on email to help dispersed teams work together. Groupware sits in the middle

of e continuum of software

that falls under the heading of computer-supported co-opera-

CSCW embraces software technologies such as electronic mail and 'groupware,' the design technology of cliant/server networks and the theories of husiness process reengineering and workflow automation. It is not a 'product' in the traditional sense hut a way of thinking about how technology and people can work together more effectively.

Douglas Engelhart, the US researcher who is attributed with the invention of windows-based interfaces and mouse pointers, hegan work on CSCW systems in 1963 at the Stanford Research Institute and continues to promote the concept.

His pioneering On-line Sys tem (NLS) allowed team workers to collaborate hy using a natworked computer system. NLS evolved into the Augment system and provided the model for CoLah system developed at Xerox's Palo Alto Research Center (PARC) in the 1980s.

advances - such as powerful PCs, high-speed networks and intultive user interfaces - have created an infrastructure for CSCW. Groupware is the first commercial fruit of the CSCW approach and is expected to grow rapidly in the next few years. UK market researcher Ovum predicts, for example, a worldwide market of \$5.5bn for

groupware products by 1998. Workflow processing - as embodied in products like Staffware and Wang's Open Workflow package attempt to take groupware a step further. They include high-level husiness models and policies which can filter down to the operational activities of employees. Such applications are only possible because information

technology makes them so. They will, in turn, put more innovative pressure on the computer and communications industries. Videoconferencing, multimedia and voice/speech processing could be the next hatch of technologies to benefit. They will make co-operative working over computer networks irresistible.

CASE STUDY

New approaches to management - By Philip Manchester

'All change' in tomorrow's workplace

The next generation of managers will face an entirely different workplace to their predecessors

Today's computer and communications technologies have created an electronic workplace where control, administratioo and accounting take place behind the glass screen of the

computer. They have also altered work natterns and made possible new ways of working. This radical change in the workplace demands new approaches to

The Henley Management College in Oxfordshire, UK. recognised the need for new managers to embrace information technology as long ego as 1988. Faced with the problem of administering its distance learning MBA programme for 6,000-7,000 students spread around the

world, it introduced personal computers and modems (harware interfaces between computers and telephone

Initially, the system provided electronic mail and informal electronic discussion groups to support remote students. "We have found from

running the distance learning programme since 1984 that students feel isolated. We were looking for ways to overcome feelings of loneliness," explains Ms Maureen George, director of the general management

programme at Henley College. An electronic 'campus' promised to help, "We looked at forms of computer several systems. We came round to Lotus Notes because it seemed to offer what we

wanted," she says. In February 1994, the college offered Lotus Notes support to students for the first time. New recruits to the MBA course were offered the opportunity to use Notes as a

part of their course. Although the college

provides a free copy of the software - together with a specially-written guide to using Notes - students must provide their own hardware and modem. The college has educational discount

arrangements which can help students to hay their own hardware. The groupware helps students in many weys - "we have more than 100 databases on the system relating to many tonics. There are mentoring databases for personal support and ssues-based databases for

George. The college has also set up what it calls an electronic coffee shop where students can 'meet' in e less formal

topical discussion," says Ms

and related topics. "It's a hit like the cybercafe on the Internet. We also have plans to link into the Internet eventually." says Ms George.

Students can use Lotus Notes to find course meterials and the college is working on a pilot system for suhmitting signments for electronic marking by tutors.

The Notes software is also

used for administration. Sindents can book places on residential workshops and obtain faculty information

from Notes databases. Ms George says that about 1,000 of the MBA students are now using Notes and she expects this to grow quickly: "It is not mandatory because some of our students are in places where the level of telecommunications might not be available yet.

"We keep statistics of how the system is being used and it is very encouraging. Students start their own discussion groups on case studies and the like."

The college emphasises teamworking and the Lotus Notes software complements the pattern of our work and we hope it makes us more effective. But it certainly has had a very beneficial effect on the whole attitude of

students. The spin-off, of course, is that tomorrow's managers are coming to grips with the technology at first hand. This will belo them adapt to the workplace of the 21st century

Operating systems software

Tug of war on the desktop

Philip Manchester explains why users are taking a new interest in operating systems

he recent European ad campaign for IBM's OS/2 Warp software showed nums and peasants discussing the virtues of multi-tasking and Internet connections. While this might seem implausible, it highlights the mystery of operating systems - the software under the covers of a

desktop computer. Operating systems software such as IBM's OS/2 and Microsoft's Windows ought to be the exclusive concern of technolodsts. It deals with the complexities of controlling display screens, the storage of data on disk and managing memory

also the platform for all application software - from word processors to etock control systems - and it provides the links to other systems on a network. This puts the choice of an operating system on the desktop high on the agenda of any user. It is crucial to making their applications work

properly. This is especially true in networked systems. Desktop com-In many businesses they have become the window on to the corporate network. The result is that the software which goes to make up an application can be spread across several com-

This adds e new dimension to the battle between operating systems suppliers which has raged for nearly a decade.

The US software company Microsoft has dominated this battle – firstly with its MS/Dos operating system and, more recently, with successive versions of its Windows software. According to Ovum, the mar-

ket research group, there were 15m copies of MS/Dos and 19m copies of Windows installed on desktop computers in Europe by the end of 1993. This compares to only 1.2m copies of IBM's OS/2 and 3.3m Apple Macintosh systems. Ovum forecasts over 46m copies of Windows, 7.7m for Macintosh and about 10m copies of OS/2 and

its successors by 1998. These figures suggest that the battle for the deaktop will intensify. It will, however, take on a different complexion. The issue will be less about what happens on the desktop and more about how it links to other resources in corporate networks and beyond. Both Microsoft and IBM now place emphasis on how their systems connect to the Internet - the first manifestation of the infor-

mation 'super highway.' In reality, the leading contenders in the battle for the desktop look increasingly similar in most areas.

"System comparisons based on function are not valuable any more. Windows and OS/2 provide similar features," says Mr Chris Maycock, UK general manager for mid-range systems at the German computer

what can go on the desktop are influenced by so-called legacy systems and bow much money the customar is prepared to have that much freedom to choose," he says.

Mr Maycock sees two different types of desktop environment emerging in husiness: one that concentrates on the tools that users need locally and one that is tied closely to the corporate system.

"The isolated desktop is simple enough and is governed by what tools and applications are available, If you compare Windows, which has lots of applications available for it - and Unix - which has very few, you can see what happens. Unix is nowhere," he says. Ovum's research supports

this. It shows thet Unix, an operating system usually associated with open systems, had sold only about 850,000 desktop copies in Europe by 1993, rising to 1.2m in 1998.

When the desktop is tied into husiness applications through a network, Mr Maycock says the choice of operating system is influenced by other factors.

"It will be influenced by what database is being used and what the application is. It by how 'scaleable' and reliable the operating system software

iemens Nixdorf says it is becking Microsoft Windows because it is 'scaleable.' Microsoft has extended Its range hy introducing Windows NT, e version geared to the demands of client/server computing. This means that customers can use the sama operating system on the deaktop as they use for their background server computers. "We can see a way forward by combining Windows NT and the hardware we sell. But in the end we have to supply what

the customer wants. He notes that many large companies have decided to follow the Microsoft route.

"You would not expect to see major decisions from large organisations like this unless

they were pretty sure." Despite Microsoft's continued success, however, there is still support for IBM'e rival OS/ 2 - especially in companies that have IBM mainframes in

is certainly present in corpo-rates," observes Mr John Baradell. European husiness manager for US manufacturer, Unisys. "But Microsoft is in a better position with indepensome good technologists and it

He acknowledges that early experiences of Windows NT revealed "some inadequacies." But he is confident that Microsoft will put these right -"a lot of early users of Windows NT have had to put work in to bring it up to scratch. But it takes time for operating systems to become stable. Microsoft has put a lot of things right and has spent e lot of money on systems manage-

Despite Microsoft's perceived dominance, however, the battle for the desktop is far from

Microsoft will also have to deliver its products more promptly. Windows 95 is running behind schedule - to the extent that some in the industry have suggested it will have to change the name to some-

Windows 96, perhaps?

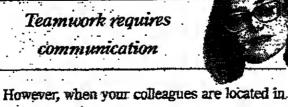
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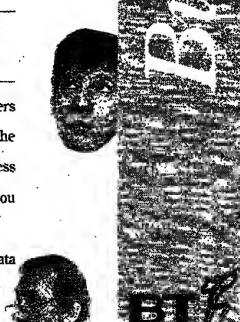
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Document management - There are pitfalls: simple projects can get out of hand - report by Michael Dempsey

New world of 'workflow'

This mysterious term can lead to seductive but elusive ideologies in business

n a sector that is peppered with obscure terminology, the IT industry occasionally throws up a truly memorable and useful phrase.

Mark Payne, an executive consultant at accountants KPMG, specialises in document management technology and the obscure world of workflow. He finds that his clients are being plagued by the spectre of

Project Scope Creep,' (PSC).
This alarming term refers to the tendency of simple projects to get out of hand. Attempts to eliminate paperwork via document imaging and associated technologies appear particularly vulnerable to an attack of

ing about simple electronic document management." says Mark Payne. Then they think tronic images in a simple serial fashion, they'll opt for a more sophisticated parallel distribu-

This excess of ambition in technology is often encourage by seductive but elusive ideologies. Workflow is a term popularised by salesmen of informa tion technology, keen to sell document management systems. It refers to the automation of a set of tasks so as to speed up those tasks using IT.

In reality, this frequently degenerates into confused wor ship of a management cult with several definitions. No two consultants in the

field ever give exactly the same account of what workflow is, or what it should achieve. Payne notes that non-



Mark Payne: he welcomes 'workflow', but warns that over-ambitious

technical staff often see workflow as nothing more than the simple routing of documents. How can PSC he avoided? Payne recommends heing very realistic in the first planning objectives."

He endorses the technology behind document management, but as is often the case with IT, this technology was released on to the market before it was fully mature. Document management is a

very beneficial product that is only now beginning to touch the sides of its potential." General Accident, the third largest general and life insurance company in the UK has

phone insurance operation. GA claims to have saved £450,000 a year by proces

spruce up its GA Direct tele-

all incoming documents using optical scarmers and an associated computer network. At its Bishophriggs head

office in Glasgow, GA Direct company receives 2,000 ttems of mail a day. All 65 claims handlers now work with a powerful desktop PC linked to douhle-page document scanners that record the images of every day's incoming mail hefore storing the material on computer discs or large optical

latter resamble long-playing records and are held in a storage system that operates on the same principle as a juke hox. As paper is scanned in a workflow process commences, with software not-ing the time, date and identity of every staff member who deals with it - thus, a cus-tomer can call in and be directed straight to the last person they were dealing with

The £1.5m system was installed by AT&T and GA says that the time taken to process claims has been reduced by more than 30 per cent. GA Direct avoided the perils of PSC hy running a six-month pilot project at a separate claims office before awarding the full contract to AT&T.

Adleu, at last, to paper mountains successfully used document management technology to

Productivity in the office is increased by 20 per cent

Coface is the leading French company for insuring foreign trade. It has 1,200 employees, 13 agencies worldwide and assets of \$400m. It insures 25 per cent of all French exports. essessing risks involved,

urites Michael Dempsey.

Coface began using optical scanners to feed paper documents into its computer system back in 1988. At the time, it relied on equipment from Wang, the office systems giant that fell on hard times in the late 1980s, filing for bankruptcy protection under US Chapter Eleven provisions

Both Wang and Coface have enjoyed a renaissance of late, with the computer systems house returning to profit while Coface embarked on an mansion programme Coface already had Wang

scanners feeding documents to its teams of credit risk assessors. Now it wanted to abolish paper as far as possible while integrating the scanners into a wider network of computers from several suppliers. The aim was to provide 300 users across the globe with a Identical system on the desktop, regardless of the range of hardware and



CASE STUDY A successful French insurance application

ee Duouv: 'All our analysis have access to the same data

oftware behind the user interface. Jacques Dupuy. information systems manager at Coface's Paris head office, explains that the extent of . vital commercial information was becoming a burden: "We need a lot of information from sources, such as Dun & Bradstreet and credit

Before the latest company-wide system was implemented, Coface risk sors were obliged to check through mountains of paper files. This consumed time as well as storage space. With the advent of open ystems the computer industry has accepted that users demand easy compatibility between

products from different Murphy, Wang's European vice president for workflow and image software, admits that a failure to embrace open systems drove Wang to the

Today, his company concentrates on software rather than hardware, and ... Wang integrates scanning components for a Coface network that embraces Compaq PCs, jukeboxes of optical discs and hardware from Hewiett-Packard.

Coface claims that productivity is up by 20 per cent while the time it takes to respond to a request for risk insurance has been cut from several days to 24 hours. More importantly the company says it could handle double its previous business without any significant increase in

The success of shifting all incoming paper information on to one coherent network cost £1m. But it has prompted a wider strategy review, and now Coface plans to move all information systems into a common 'architecture.' The point of delivery for all data will still be desktop PCs. but the Coface Workstation, as it is called, will feature access to imaging software connected through the network to document scanners.

CASE STUDY How a company replaced 650,000 paper files - by Michael Wiltshire

Key data for underwriters - at the touch of a button system and upgraded its IBM

In a highly competitive market, speedy access to data is crucial for NCM Credit Insurance, the UK arm of the Amsterdam-based NCM Group which handles more than £60bn worth of insurance transactions a year.

The Cardiff-based company has 115 underwriters and support staff using the data to evaluate credit risks around the clock. Last year, the company offered protection for £16bn of UK exports from 6.000 companies.

NCM insures short-term credit agreements between UK suppliers and huvers in more than 200 countries. At one stage, it had more than 230,000 mainly paper-based applications for insurance cover each year, explains Mike Long, director of information systems at NCM.

Today, with a new document management system, underwriters can rapidly call up computerised information by clicking on to on-screen lcons. in the early 1990s, it was a



Colin Foxall, managing director of NCM Credit Insurance, left Richard Needhern, Trade Minister, at NCM's Cardiff office

different story: if paper documents were misfiled or needed by several staff at the same time, delays could result. Then, three years ago. NCM began a large-scale re-assessment of husiness

processes in a bid to sort 650,000 paper files and replace them with an automated

in partnership with IMI Computing, NCM introduced a comprehensive workflow

scanned into the system. At the same time, underwriters were trained on Zenith PC workstations, connected via NCM's local area network to an image server and NCM's host computer system. Image information is stored on the host system on optical

Using a FileNet WorkFlo

product, tailored to NCM's

needs, paper files were

mainframe-based underwriting system

disk and transferred on-demand to magnetic disk for rapid access by export underwriters, A two-way communication channel is now fully operational: underwriters can retrieve folders of images from the host underwriting system within seconds, via their personal computer in-baskets.

IMI's workflow installation is already showing valuable benefits, says Mika Long -"customer-response is speedier and entire business processes are more effective.

■ Desktop systems integration - Efficiency in network management - by Michael Dempsey

Keeping costs under control

Clever software 'agents' quickly pin-point system problems and help reduce levels of support staff

ed Burden is house-hunting in Paris. As a senior executive with IBM, the computer manufacturer, Mr Burden has just been promoted to lead its network station management (NSM) operations in Europe, the Middle East and

IBM has just launched NSM as an international desktop services organisation. Mr Burden will move from the company's UK head office in Portsmouth to manage a support structure that reaches out to 100,000 users across its geo-

graphic region. The rise of desktop computing has, in his view, created a specific set of problems that threaten the profitability in many organisations. "The integration of technology may have become more simple, but rolling out and installing a system across multiple sites creates another challenge," he

"If you don't keep control over proliferation of applica-

Targets have been

achieved on BP

European system

BP Chemicals is a £3.3hn

tions, then cost issues will Echoing the frustrations of many information systems

managers Mr Burden says that "a big pressure in desktop systems integration is to get some discipline into the envi-Mr Barden's task has been

helped by the advent of the software 'agent.' This is a small computer program that can be installed in any remote device, such as a printer or a fax machina. The agent is primed to broadcast an alert if the device malfunctions, in theory, an IBM engineer in Portsmouth can tell in an instant that a printer in Stutt-

gart is running out of toner. Software agents are officially known as simple network management protocols (SNMPs). IBM's own SNMP range is Netview, but the software a only effective because of open systems, the practice of designing communications bridges between equipment and soft-

ware from different suppliers. However impressive its technology, Network Station Management would have limited appeal to customers if it only offered network management for IBM products. However, Mr Neil Duncan, UK distributed systems manager for NSM, is

Ted Burden of IBM: his task h. integration has been helped by the

at pains to stress that he tests remote management techniques using software and ns from cial rivals.

"When a customer comes he wants a demonstration that will prove our ability to control Apple Macs, not IBM PCs. With the acceptance of truly open standards, we can control networks running Sun, Hewett-Packard or Olivetti boxes. We have to do that, because very few of our customers operate just one type of sys-

IBM itself has benefited dramatically from cost-conscious network management. The hill for running .IBM's internal desktop environment in the UK has been cut from £9.5m in 1993 to £6.7m in 1994 and to a projected £5.4m for 1995. a 43 per cent reduction over three

"We pushed up the productivity of our people," says Mr Burden: "With software agents providing remote diagnostics, you don't need so many support staff to cover the terri-

While Mr Burden retrained engineers to take on wider responsibilities, his colleagues clamped down on the cost of

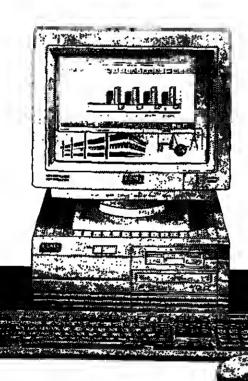
replacement parts.
Users would frequently complain that a mouse device was not functioning correctly: In reality, the mouse needed reprogramming to account for the users' level of pressure. But replacing the mouse with a new example was the easy and wasteful option. As software agents took some simple tasks off support staff, they became free to learn new skills.

"We trained them to set the mouse up to suit the individual

user," he says. Out of such a simple expedi-

ent, huge savings are born.

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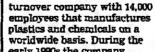
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Chemicals'

worldwide basis. During the early 1990s the company followed the technological vogue of moving away from huge centralised computer resources and installing a series of interconnected local area networks (lans), using desktop PCs as the prime IT engine, writes Michael

Often described as distributed processing, this was "very much a BP project," in the words of Mr Mike Keen, BP Chemicals integrated network services manager for Europe. By 1993, Mr Keen's division

was responsible for 400 users. spread across 14 European locations - "the sites were mixed, in terms of size and applications, and we had a small central support team that spent a lot of time trotting around Europe," he

The network had acquired local flavours, with national divisions picking their own favourite programs. This hardly made for easy support, and BP Chemicals began to look at the potential for contracting out the work

The goal was to save £2m a ear in operational costs, and IBM was contracted to support users locally while managing the system

international network centrally. Software 'agents' played their part in permitting remote

CASE STUDY System integration

Substantial savings on an

Mr Keen is impressed with the ability of this technology to allow a deaktop application to be monitored over great distances. He observed that users were initially concerned about exchanging a technician who worked down the corridor for a third-party support

But his latest user survey reveals more than 80 per cent setisfaction with the revised arrangement. BP Chemicals uses standard office software from suppliers such as Microsoft. This choice owes lot to user preference, although Mr Keen has a shrewd idea of the motive -Microsoft uses advertising tactically, targetting the end-users and relying on them to pressurise the IT department."

Whatever the product, crucial to cost-reduction. Calling in IBM as a desktop systems totegrator has exceeded the £2m annual savings target. The contract stipulates a price per user of around £1,800 a year for support, the running of a helpdesk and local area At less than £800,000, it is a very practical solution. Keen es that BP Chemicals asserted its rights as a customer, retaining strict control over the direction of corporate IT - "we set the strategy and IBM undertookthe delivery.

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BEST FRIENDS USED

TO BE DESKTOPS.

BUT THEY'RE ALL

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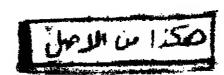


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■ Mobile desktops

New flexibility in working practices

appropriate picture for a specific customer or application. In some instances, portable

applications can also drive the

way the management structure

is organised, distributing the

decision-making process and empowering those who are

serving the customer, or produ-

table management. One of the

higgest is cost, especially in the larger company, with some

technology purchasers claim-

ing the suppliers are charging what the market will bear.

Apart from the retail cost of

each machine, new versions of

software devour further

resources, forcing users to huy

more powerful machines to accommodate the additional

"This really annoys me," comments Patrick Whale, the

senior IT partner at KPMG

Management Consuiting. "We're effectively subsidising

the inefficiency of these soft-

ware producers."
Upgrading in the volumes

required hy most large compa-

nies magnifies the problem. So

do the security issues associ-

ated with portable PCs. Theft

and accidental damage have

become so common that some

large companies cannot easily

obtain insurance and have to

fund losses out of their own

Aithough small organisations and individuals can usu-

ally secure insurance, a com-

pany with thousands of mobile

users on the move has to

explore other options which

Some companies have gone

for joint purchase schemes

where staff are asked to pay

for half the cost of the com-

puter. The company retains

ownership for the full depreciation period of the machine, say

two years, at the end of which,

becoming more of an issue,"

says Whale. "Certainly, if they

are using a machine they are

"Staff are very receptive to this idea and increasingly, it's

ownership is transferred.

spread the financial risk.

There are, of course, other difficulties associated with por-

cing the goods.

functions.

pocket.

Portable PCs are changing the way businesses are managed, reports Clive Couldwell

ortable computers used to be regarded as novelty items for senior executives - or as expensive presentation aids for companies eager to distinguish their salespeople from the competi-

Management consultants also latched on to the value of owning a portable computer early on. Now, the practical necessity of a mohile desktop is already well-established.

One could liken data within a company to 'water' which needs to be directed at the right user at the right time. Facilities such as graphical user interfaces (which make software programs easier to use), downsizing (the replacement of large computers hy cheaper, smaller, equally pow-erful ones) and PC networks (which tie large numbers of small computers together, so they can exchange information with each others, have also revolutionised portable computing hy setting up channels which direct that 'water' to the right user.

Equipping staff with portable computers has become increasingly important as working practices have become more flexible to match the changing nature of husiness. Companies have spent large sums creating enterprise-wide applications which can match the needs of sales professionals on the road. telecommuters with offices at home, and executive travellers checking in for information updates as they clock up their Air Miles.

he popularity of groupware, especially demand for applications based on Lotus Notes, and the increasing use of electronic mail, has transformed the way husiness is conducted, (see networking

report, page four). These days, managers are already computer-literate and use their own portable computers from their desk as well as the road. In more and more instances, these machines are already linked together hy local area networks, so data can be drawn from different sources to huild np the most

incentive for them to prevent its being stolen or hroken. The next issue of the FT's IT Review on Wednesday, May 3 will focus strongly on mobile computing applications. For synopsis on the back page of this issue of the Review.



Portables - no longer a novetty: equipping staff with portable PCs has ceome essential in many areas of business

'Horror stories' can be costly

Evolving patterns of PC usage make asset management a complex task

hen a maverick end-user installs his own go-faster circuit card work out of action, it is time for tighter management.

This real-life example was discovered by research firm Butlerhloor among what it calls "horror stories" of lack of discipline in end-user depart-These stories include the

spread of illegally copied games, non-standard hardware and programs, and infestations of computer viruses. Various studies show that

the problem lies in a combination of the rapid growth of per-sonal computers. (this expan-sion is outstripping the recruitment and training of support specialists), and increasingly aware users, who have growing expectations and think they know more than they do.

Technology can itself provide help in the form of and control what end-users do

IT services group Hoskyns, which recently surveyed users of support services, feels that "asset management will increasingly become an issue for companies once the initial rush to roll out personal computers slows down and organi-sations are left wondering what is installed - and where."

Julian Bond, technical director of Workgroup Systems, finds this happening already. He and a partner found a dearth of such software while working in PC support, so they set up a company in 1989 and developed their own package. They now have 600 customers in the UK and 1,500 world-

PCs, you can keep it all in your head," Mr Bond says. "As you grow to 200 - and then 300 you write a little database program, hnt you soon need a proper system. Evolving patterns of PC-use

and ownership make asset management especially complicated, says Mr Bond - "these days a person might have a PC on his desk, a portable laptop machine and perhaps another at home. In addition, each desk-top PC has individual parts: a keyboard, screen and

processor box."

One reason for keeping this level of detail is that maintenance generally involves simply swapping a faulty unit for

a good one. The data permutations are further increased by the fact that over 70 per cent of PCs are now linked to a network - and this will increase to 90 per cent or more in the next 18 months,

according to various studies. Organisations must therefore keep track of which personal computers are connected to which networks and peripher-als, such as shared printers. IT people are not the only

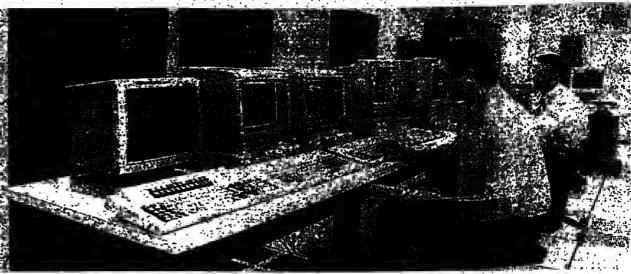
ones with an interest in equipdays of cost centres, accountants want to keep track of ing against hudgets," says . Julian Bond. Software is also an asset, and

one which hrings its own prob-lems. Almost half the software products in use are illegal copies, according to the Soft-ware Publishers' Association.

Asset management and checking programs, backed by

sures, can help. This is a big issue: companies in the UK face unlimited fines, while individuals, including directors, can receive two years in

Julian Bond at Workgroup Systems sums up the need for asset management quite simply: "The trouble is, personal

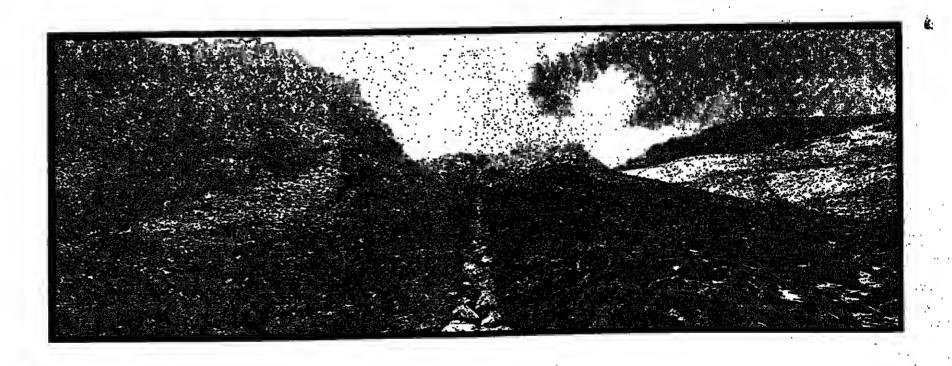


Keeping track of systems: computer staff at work in Cellifornia at Computer Sciences Corporation (CSC), one the world's largest in

We call it the Global Digital Highway."

It will improve your business communication worldwide.

It will improve your business worldwide.













Fire-fighting is not enough

Most IT directors face considerable pressure from computer users

Service Company of the

And the second

Section Total Control of the Control

Marian Taran

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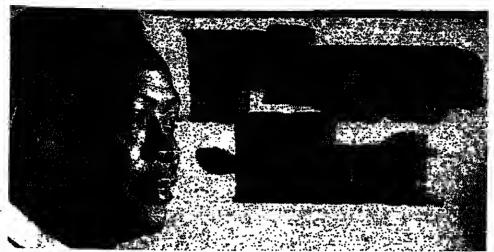
AND CLES

hen Reme Carayol
joined Pizza Hut UK
as systems development manager two years ago, he found the cost of supporting the networked PCs at bead office was actually higher than the system development costs.

"We were just fire-fighting, when what we needed was fire prevention," he says. "If you have inappropriate support you cannot move forward; being good at developing systems is just not enough." .The problem is to put in

place the appropriate support Research group Gartner says one IT specialist to 35 or 40 end-users is the industry norm. At a time when the user base is increasing fast, shortages in support staff can therefore develop. IT services group Hoskyns, in a recent study, found "IT staff were being left behind in developing the necessary skills needed to support the mnshrooming end-user technology."

As a result, Hoskyns says. "the vast majority of IT directors felt under considerable



Rene Carayol, systems development manager at Pizza Hut UK: 'A wide variety of support skills are

pressure from users to perform what they felt were impossible

A common outcome identified by several studies is that users take the law into their own hands, setting up their own support teams or trying to sort out their own problems. This means the IT department, and therefore the company, risks losing control of what goes on in user departments; it also raises hidden costs as people are diverted from their jobs

This is acknowledged to ha a fast-growing problem. Two competing solutions have emerged in the 1990s.

The first lies in a growing number of software packages which support help-desk teams. These provide information about users and their equipment and usually include a database which enables help desk staff to collate details of problems, as they occur, and how to fix them

The significance of this last feature is underlined by David Stamm. chief executive of helpdesk software supplier. Clarify: We see major companies with 15-20 departmental help-desks or with desks for different areas, such as electronic mail. networking and so on. But the distinctions are blurring, espe-

distributed client/server com-"At the same time, companies are sensitive to increases

cially as companies move to

in manpower. So these systems enable companies to consolidate their skills in a single help-desk."

In some cases, end-users can access the database themselves to solve their own problems. Clarify also aims to persuade product suppliers to provide their own diagnostics data so that answers can come from the horse's mouth.

However, services companies, too, see support as a new opportunity. Rene Caravol at Pizza Hut, for example, now rebes on Olivetti not only to monitor the PC network to anticlpate any problems and keep it running but also to man the help-desk. He points to skills shortages and uses the established facilities management argument, that specialist contractors do a better job.

As Mr Carayol puts it: "Technology is now too complex and developing too fast for in-house support operations to develop the variety of skills required to support their own systems.

Companies certainly need to sort this issue out, for the growth of end-user computing looks set to continue at an unrelenting pace.

Training: managers take a more positive view - page 17

■ Outsourcing - more companies seek management of desktop systems

The market is polarising into two groups

1993

ments and ntilities.

are banking and finance

manufacturing, retail and dis-

tribution industries, govern-

In Europe, the UK has the

the European market, fol-lowed by France (24 per cent)

Other fast-growing markets

and Germany (10 per cent),

for outsourcing in Europe

Strong areas of demand are

application operations and

desktop services, valued at

\$2.3bu in Europe last year.

They are forecast to rise to

\$6bo by 1999, when the total

include Spain and Italy.

according to the Input

research group.

most developed outsourcing

market with 35 per cent of

\$ billion

Outsourcing market

As companies seek to reduce costs, 're-engineer' their basinesses and integrate IT, the market for outsourcing of information systems is growing rapidly, writes Michael Wiltshire.

Outsourcing can be defined as a fixed-term contract sometimes as long as ten years – in which companies transfer the ownership and/ or management responsibility of their information systems to an outside supplier, for a

The market is dominated by large international and national companies, followed by equipment suppliers. Electronic Data Systems, EDS, owned by General Motors, is the world's leading systems integrator and facilities management company. It is the largest outsourcing supplier in Europe and the US, where its main strength is with generally large mainframe computer systems.

Among users of outsourced services, many larger busiesses - which have already ontsourced their mainfram data centres – now seek facilities management to run their distributed computing systems and desktop environ ments. Leading sectors forgetted by service providers

market will be worth an estimated \$9.3bn. Overall, the market is

polarising into two groups. One large group of relatively small service vendors is competing mainly on price and trying to add value for the customer through industry focus, comments Roger Fulton at Dataquest, the

research group. However, the other smaller group of very large such as EDS and IBM - has succeeded in establishing more co-operative business partnerships, in which both sides share risks and

"They are also leading to some hlurring of boundaries between operations/facilities management and systems development projects," says Mr Fulton.

A critical factor for success in the outsourcing industry is the blending of technology management and service management skills, suggests Frost & Sullivan, the research group. Achieving cost competitiveness and investing in support technologies is also important, as well as specialising in particular industries or service areas.

■ Portable computing - by Clive Couldwell

Managers need an integrated approach

Ten pointers on how to win more business benefits with portable PCs

s portable PCs become A more sophisticated and prices come down, they are not only becoming a common sight but also a potential hazard. Their effective management is paramount, so here are a few pointers for users:

☐ First, almost any type of company can use portables to improve the way its business operates and deliver a better service to its customers. But the process must be businessdriven to work efficiently, and the IT department has to be responsive to the requirements of the business by properly project-managing new software development and delivering

applications quickly. "It's paramount that companies integrate mobile computing into their corporate IT strategy and not treat it as a discrete function, or ignore it at a strategic level," says David Clarke, managing director of Rothwell Systems, a systems integrator whose annual Corporate Computing Survey (conducted by Internal Data Corporation) has examined mobile computing strat-

☐ He also recommends that users do not wait for the next technological development to come along before they invest in portable technology. Users are always learning and hardware will have a short 'shelflife,' no matter what stage companiesdecide to adopt it.

Furthermore, do not think of mobile computing as just laptop machines: personal digital assistants (PDAs - handheld devices which work with a pen, rather than a keyboard) may be adequate for many lowend, data capture applications. For example, engineering and warehousing).

The speed at which data is delivered into a central system is usually given high priority over the sophistication of the technology. A relatively simple data capture device can quickly transmit market-sensitive information back to base. □ Naw versions of software gobble up more resources, forc-

ing companies to buy more powerful machines to accommodate the functionality. It is wise to carefully choose the software which acts as your standard portable package and do not be bullied into an upgrade unless you know you cannot do without the additional functionality.

☐ Although the price of portables is dropping all the time, buyers still pay a premium. Some machines are almost twice the price of their deskbound equivalent. Be prepared to battle for a good deal with the supplier and do not be afraid to explore a variety of funding options - for example, asking staff to pay up half the cost of their machines.

Companies which rely increasingly on portables for their business also have a responsibility to make their staff aware of the risks involved with taking valuable corporate information out of a secure office environment.

Virus infection also affects portable staff and can seriously endanger a customer's business. It is easy to infect someone else's computer system and if you are not careful, you can be facing a suit for damages unless you install effective safeguards.

"The most effective portable computers will have transparent access to corporate networks," says Clarke. "Unless security is addressed, a stray laptop is as good as a pass key to a corporation's most valu-

Therefore, implement physical safeguards: secure access to applications on the portable and to the corporate network using passwords and other communications features.

Although many companies invest big sums of money in virus protection software, the most effective weapon companies can use to fight 'infection' is awareness. They should issue firm guidelines which clearly explain what staff can and cannot do on their machine, and what will happen. to them if they do not comply.

uplication and incompatibility of essential data is another. A number of sophisticated products on the market, such as Windows for Workgroups and Lotus Notes tackle this at the technical level by controlling the updating process to make sure that everyone is speaking one version of the truth. A controlled software environent will lay down guidelines for approved software use, so that everyone in the company is working on the same version of a named spreadsheet, word

processor, or database Portables are not as reliable as desktop machines. They are switched on and off more often and get bashed around. Companies should insure against accidental loss and theft if they cold shoulder. Premiums can be high and companies can be axposed without any cover.

Again, this is where a joint purchase scheme wonld encourage employees to take knowing that after a certain time, they could own them. In any event, most portables are guaranteed for a year, sometimes three.

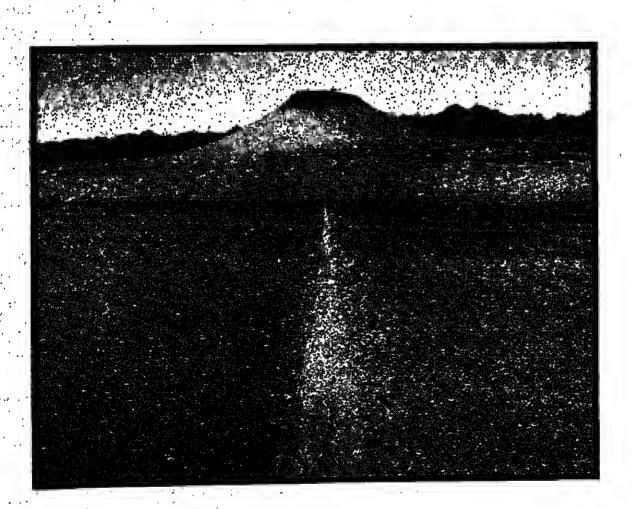
☐ And do not forget training. This may include the use of portable technology and a new way of working away from the office with portables.

"Teleworking isn't a smooth transition for many people," says Clarke. "Unless staff are properly trained, they may experience difficulty adjusting to a working life not wholly associated with an office."

Companies should therefore plan how training can be administered to a distributed workforce. Should it be computer-based, running on the portable? Do workers need to return to bead office for training courses? Adopting this option may put them out of circulation - can you, as a manager, afford to do that?

☐ The ups and downs of

☐ Mobile computing: see details of next issue of the FT-IT Review, page 20



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COMPUNICATION COMPANIES.

Asia and the Pacific - A turning point for PC suppliers, as US producers achieve stronger sales in Japan - Report by Michiyo Nakamoto in Tokyo

Big surge in Japan's PC market

Most companies now realise that there is no other choice but to equip their office workers with PCs

arkets for personal computers in Asia and the Pacific have taken off strongly in the past few years, spurred hy economic growth in many parts of the reginn and, in the case of Japan, increased demand due to significantly lower prices.

As many Asian economies charged ahead on a highgrowth track, PC shipments rose nearly 38 per cent for the Asia-Pacific region to 7.9m units, according to researchers at the International Data Corplace despite a slow economic recovery in Japan and underdeveloped distribution channels and lack of infrastructure in countries such as China.

In most of Asia demand for computers was spurred by the region's dramatic economic growth, but in Japan, where the economic recovery has been patchy and slow, a number of factors particular to the Japanese market bave been responsible. Shipments of personal computers in Japan, one of the world's leading computer markets, rose 36 per cent last year to 3.4m units, IDC

This surge can be attributed to a number of factors working in parailel. In the past, high prices, confusion caused hv thewide range of proprietary machines and 'user-unfriendliness' had discouraged the average Mr and Mrs Watanbe from making an investment that could turn out to be an expensive white elephant.

Most Japanese households. confined to cramped quarters and using a highly complex written language, have seen llttle need for more than a word processor to print out addresses for New Year's greet-

However, a sharp fall in PC prices, initiated by US computer makers intent on winning market share in the Japanese market, and the growing ease-of-use of PCs with the spread of Windows software and the practice of pre-installing software, have made PCs much more attractive to con-

PCs sold to households in fiscal 1993 grew 60 per cent. according to Mr Makio Inui. industry analyst at Kleinwort Benson in Japan. Mr Inui expects the household market to continue supporting growth in Japan's PC market, with a 40 per cent year-on-year rise in the fiscal year to March.

Meanwhile, husiness users have also started to come back to the market, tempted by dramatic improvements in price

1,227,500

335,000

169,300

166,500

159,500

154,000

45,000

23,500

16.500

22,000

49.0%

13.4%

6.8%

6.7%

6.4%

6.2%

1.8%

0.9%

0.7%

0.9%

7.2%

1,465,500

522,000

342,000

320,200

152,000

133,000

133,000

90,500

51,000

39,000

143,200

Japan's PC market

Apple Japan

IBM Japan

Toshiba

Compaq

DEC Japan

Hitzchi

productivity gains offered hy computerisation at a time when the yen's rise has made it crucial for Japanese corporations to increase their competi-

Japan's corporate sector was a key driver of growth in the PC market last year, say analysts at Dataquast. "In an effort to cut costs, Increase workers' productivity and hecome more competitive in the global scene, Japanese corporations rapidly increased their investment in information technology. They realised that there was no other choice but to equip their office work-

ers with PCs. Dataquest estimates thet Japan's PC market will grow 22 per cent to reach 4m shipments this year, boosted in part hy network demand from

43.2%

15.4%

10.1%

9.4%

4.5%

3.9%

3.9%

2.7%

1.5%

1.2%

4.2%

Apple Japan 15.4%

IBM Japan 10,1%

Seiko Epson 4.5%

Fujitsu 9.4%

Toshiba 3.9%

Compaq 3.9%

Hitachi 2.7%

DEC 1.5%

Dell 1.2%

Others 4.2%

19.4%

55.8%

102.0%

92.3%

-4.7%

-13.8%

195.6%

285.1%

209.1%

77.3%

-22.2%

As the Japanese PC market has taken off strongly, the higgest winners have not been the country's own computer companies, such as NEC, the largest PC maker, but foreign companies in the so-called Dos/V

The Dos/V camp, led by US companies auch as IBM and Compaq. sells IBM-compatible machines which run the Japanese language Dos operating system. It has greatly increased its share of the Japanese market at the expense of NEC, which has dominated the market with its proprietary system.

According to IDC, Dos/V makers' share of the market rose to 30 per cent with 1m units shipped in 1994. AlthoughNEC remained the top vendor last year, selling nearly 1.5m units, its share has slipped to 43 per cent from well over 50 per cent just a few years ago, IDC says. NEC's retreat contrasts with

the growth in sales of the US computer companies, particularly IBM and Compaq. It was these companies which triggered the sharp fall in PC prices in Japan and which have remained on the offensive in the ongoing fierce price

Compag has won a significant following in the Japanese market after under-selling its competitors with attractive packages of machines loaded with software. Recently it has lowered its prices by up to 27 per cent. And since last year. consumers wanting to huy the company's popular Presario model, for example, have had to wait for several weeks as retailers scramhled to secure the product.

Compaq nearly tripled lts shipments in Japan to 133,000 units last year and increased Its share of the market to 3.9 per cent, according to IDC.

IBM Japan, which has been in the market longer, doubled lts shipments to 342,000 PCs last year and took just over 10

Although NEC has hit out with its own price cuts - in December the company cut up to 26 par cent off prices on soma modals of its popular. PC98 series - the company'a prices are still relatively high.

When it comes to ready-torun machines, IBM-compatible machines are still cheaper. notes Mr Inui at Kleinwort

IBM's sales grew by 100 per cent over the previous year, while Compaq grew 178 per cent; Fujitsu were up by 83.7 per cent and Apple grew by

Compaq has won a significant following in Japan's PC market after undercutting competitors

49.8 per cent, according to Kat-sushi Shiga of Dataquest

The spread of Windows software has also helped to erode the dominance of NEC which was supported to a large extent hy the huge volume of software titles that only ran on its proprietary system. Windows has enabled the Dos/V camp to make use of these software titles which were previously off limits to IBM-compatible

These developments, which have gathered pace in the past year or so, have opened the Japanese market to competition and brought it more in line with trends in other industrialised countries.

As it stands, the current course of Japan's PC market points to continuing growth overall and further inroads hy US compoter companies with global PC operations. Business demand for PCs is

nese economic recovery gathers steam. Industry analysts expect to see growth in tha husiness sector at about 30 per cent or more in the next few

At the same time households are likely to continue buying PCs as CD-Rom software titles increase and interest spreads in on-line communications such as the Internet.

Amid the ongoing expansion of the Japanese market, the rise of US companies is also expected to continue as price becomes more and more the main basts for PC purchases...

In that respect, despite the efforts of Japanese computer makers to reduce their costs by procuring a larger proportion of their components from cheaper sonth-east Asian sources and restructuring at home, US companies which market their products globally have a better chance to make use of economies of scale.

For Japanese computer makers, their greatest hope lies in the mainframe market, which offers much more promising profits than the PC market.

Although the trend to downsize has substantially reduced the size of the mainframe market selling mainframes still makes profits for Japanese computer companies, says Mr

The value of the mainframe market will fall to about half of its peak in 1991 hut as Japanese makers have cut their costs aggressively, any rise in sales will benefit profits.

"The worst is over for the mainframe makers." Mr Inui points out. But things are just starting to get tough in Japan's PC market where commoditisation of the PC is making it increasingly difficult for Javanese companies to realise prof-Its no matter how many units they sell.

The Japanese market is expected to show the fastest growth in the world" over the next few years, Mr Inui says.



European PC market - The top ten suppliers increase their market share, reports Paul Taylor

A swing to big brand names

European PC suppliers seek to sharpen up their PC strategies in the face of US and Asian competition

he European market for personal computers is growing rapidly, but until recently most of the indigenous hardware manufacturers have lacked the dynamism of their US and Asia counterparts.

As a result, the PC market in Europe, which grew hy 14 per cent to 11.8m last year, according to Dataquest, the market research organisation, and America in terms of size, is dominated by foreign-owned manufacturers led by Compaq,

IBM and Apple Computer. Dataquest expects the European market to grow at a compound annual growth rate of 11.5 per cent between now and 1988. In common with the global market, the swing away from the 'no-name' clone manufacturers and hack towards the hig hrand names is reflected in growing market concentration.

mens Nixdorf and AST - all

Chris Fell in a recent report.

Such large-scale production also requires a pan-European distribution strategy, something that many of the indigenous European PC manufacturbeen successful in their domestic market - have so far failed

turers - Digital Equipment, Fell.

pushing hard to establish themselves in the top flight of five or so players, as history tells us that a mature mass market is unlikely to support more than a few truly global players," said Dataquest's

The need to expand local sales in order to stand a change of competing in the global PC market is underscored by the perception that a PC manufacturer needs to be huilding at least 1m units and probably closer to 2.5m units a year in order achieve the purchasing economies of scale necessary to compete in the long

The top 10 manufacturers in to achieve. "An element of sucshare from 52 in 1993 to 57 per is a halanced growth rate cent at the eod of last year across the countries of with the second-tier manufac- Europe," says Dataquest's Mr

"All these companies are

cessful and sustainable growth

and Dell have seen their previously stellar growth rates slip performing particularly well. back to rather more average performances because of their failure to roll out their strategies across the European markets. Similarly, companies such as Olivettl and SNI, which are

> adversely affected if those markets experience tough trading conditions - as Olivetti has discovered recently in its core markets of Italy and Spain. In contrast, in order to compete effectively, all of the hig foreign-owned PC manufacturers have established manufacturing operations in western

> > Europe.

Compaq, IBM and Apple all have large European manufac-

turing sites in either Scotland or Ireland, and all to some extent consider themselves bonorary Europeans.

Dell, the direct sales specialist, also has a large distribution centre in Ireland serving

particularly strong in one or

two key markets, can be

Europe, the Middle East and

Other PC manufacturers to set up operations in Scotland the previous year. Total sales in the past few years include of its Highscreeo hrand in Digital, which launched a new Europe last year were 570,000 eseful assault on the PC market in late 1993, and Escom, the German retail market specialist, which last month acquired 231 former Rumhelows electrical stores from Thorn EMI.

According to Dataquest, PC manufacturing growth in western Europe has outpaced the market - growing hy 16 per cent last year to 11.8m units because PC vendors have set up, or increased, European production, and Western Europe is being used to supply central and eastern Europe.

n recent years, the indigenous European market has been driven by the smaller and more entrepreneurial PC companies including Vobis and Escom in Germany, Tulip in Holland, Viglen, which was acquired by Mr Alan Sugar's Amstrad consumer electronics group last year, Elonex and Opus in the UK.

in Germany, for example, Vohis has a 14.5 per cent market share and has emerged as

A senior executive of the

Europe's largest computer retailer with sales last year of Dm2.66bn, up 43 per cent over

Nevertheless, the performance of Europe's older indigenous manufacturers has mustly heen unimpressive -"from a European perspective it is a pity that there are no European PC manufacturers among the top ten in the world," says Andreas Barth, Compaq's senior vice president in charge of Europe, the Mid-

dle East and Africa. He believes the traditional European manufacturers have concentrated too much on high-end products supported hy protected local markets and high prices.

"They have relied too heavily on contracts from the public sector," says Mr Barth. "That has made them uncompetitive." There are now signs, how-

ever, that Europe's traditional computer manufacturers have finally woken up to the need to develop effective PC strategies. As Mr Gerhard Schulmever. SNI's chief executive, noted last month, "the PC market is

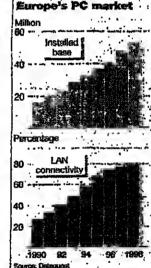
very important to us," not just hecause of the volumes involved or the profit potential, "but because PCs are changing corporate infrastructures and the way companies

SNI posted a 9 per cent increase in turnover and an 18 per cent increase in orders in the first five months of its ter than originally forecast. On this basis, once restructuring costs are deducted, SNI should hreak even this year for the first time since it was created following the takeover of Nixdorf Computer in 1990. SNIs PC business is the fast-

est growing part of its operations. Last year SNI manufactured and sold 450,000 PCs worldwide, including 400,000 in increase. Along with its rivals, SNI is targeting growing consumer and small business sales and is developing indirect sales channels and has taken a 10 per cent equity stake in Escom.

Similarly, a revitalised ICL, in which Fujitsu of Japan has a majority stake, announced last month that it was entering the retail market for the first time with a range of competi-tively-priced multimedia machines marketed under the Fujitsu ICL marque to be sold in the high street.

in addition to the new retail strategy - which is based on



indirect rather than ICLs traditional direct sales model - ICL also announced an expanded range of husiness PCs, notebooks and servers aimed at turning ICL into one of the top four suppliers on PCs in Europe within three years last year the group sold 300,000 PCs in Europe.

Although uncertainty still surrounds the French government's attempts to sell a majority stake in Groupe Bull. following a series of setbacks including the withdrawal of several potential hidders for equity stakes, the state-owned

group did manage to return to profit at the operating level last year. The strongest recovery in Bull's operations was achieved at Zenith Data Systems, Bull's personal computer division, which broke even last summer after a series of big losses.

n contrast, Olivetti is expected to report; a net Loss for 1994 of about L500bn, slightly worse than in 1993, and will fail, albeit narrowly, to meet its own target of breaking even at operating profit level. The group's results should be announced formally at the end of this month or beginning of May.

What worries analysts is the apparent erosion of Olivetti's market share and margins in the personal computer sector...

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The personal computer division accounts for about 20 per cent of the group's L9,000bn annual turnover and, in volume terms. PC sales rose hy almost 30 per cent last year. But income from PCs is still not enough to cover the commercial network and research. and development expenditure, and the losses are unlikely to be reversed until 1996. While market share hy volume has dropped, the group is simultaneously moving into higher

value, lower volume products.

increasing its share of the

higher end of the market.

■ Data mining - Delving into the database - by Michael Dempsey

A way to reduce the information overload

New systems help to pinpoint wider sales opportunities

n its short life so far, the desktop PC has acquired formidable processing power, transforming a humble office tool into something far more significant.

The large mainframe computer has receded into the distance and networked PCs bave become the repository for critical management data. But technical advances have created their own problems. How can an organisation make the most of information scattered

The proliferation of electronic messaging bas only added to the confusion, with managers deluged by information they lack the time to

Sales and marketing, for example, are areas of husiness that frequently suffer from information overload. Softa is a St Alhans-hased management consultancy that specialises in knitting together islands of data.

Mr Stephen Arnold, Softa's chairman, observes that while buge amounts of data are necessary to obt in correct views about various product lines, the act of interpretation is a

"It's often very, very difficult for our clients - they get blinded by the quantity of information stored across PC networks. The answers are ont there, but they are fragmented. Our strategy is to create a structured database that fits into their sales and marketing policy."

For npwards of £100.000. Softa consultants will spend six months with a company writing a system that should allow users to delve into the database without wasting time or stopping to consult colleagues. The system responds to rules that are consistent with the client's working prac-

tices. This type of project is often referred to as 'data mining.' The insurance sector has begun to take a keen interest in the potential for systems that can extract new market segments from great reams of data generated by customers. identifying a gap in the mar-ket for just one new financial product can be highly lucra-

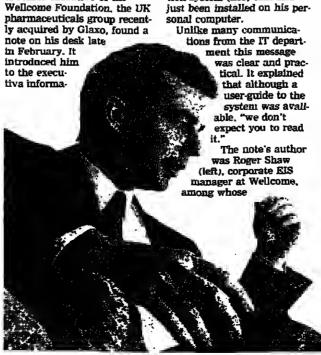
putential for cu-operative working hetween PC users recent years. Lotus Notes, the package that links workgroups of users now boasts more than 600,000 nsers worldwide. Meanwhile, AT&T has just hegun installing workshare software as a stan-

dard feature on its PC range. developments Tbese acknowledge that corporate users are weary with the limitations of desktop computing, and have learned to squeeze more productivity from both users and hardware.

CASE STUDY Tapping in to the company's database - by Michael Dempsey

How to get the right data on the right desk

tion system (EIS) that had



tasks is implementing an international board level information system that will provide rapid access to analytical data. Shaw knows his users well. The 60 top people for whom Wellcome's corpo-rate EIS was designed have better things to do than delve into manuals - "if they've got to read the user guide, I've failed." he admits.

Wellcome has faced the twin challenge of funnelling relevant information on to the right desk while making the delivery mechanism friendly for a very welldefined user community.

The process began three years ago when the drugs company identified the need to make the provision of information to its top personnel more effective. Shaw conducted interviews with 45 executives in the US and UK. They were asked a series of oblique questions intended to establish what kind of information they were not getting. Shaw distilled this

research into a checklist of critical data types.

including areas such as market performance, ahare prices and R&D, a function that has driven Wellcome. Powarful PCs were already

commonplace in the company, hut Shaw wanted to comhine a tool that manipulated complex financial and technical data with ease of access. He decided to use Lightship, a suite of software from Pilot, a Boston-based US systems house.

Lightship's strength is in handling numeric data. The Lightship database can be interrogated via simple lcons while delivering information from the kind of sources that are key to decision-making within Wellcome. An industry standard Novell network

The best-selling Lotus Notes program also resides within Wellcome's EIS. Notes is a workgroup product. designed to link pockets of users in one corporate constellation. But Wellcome only relies on on Notes for textbased work. And Pilot's Lightship remains the core

application. "Notes is splendid," says

of a computer."

Shaw, but the user interface is not for the technophobic." The EIS has begun operations in Germany, and Wellcome has been planning to link up executives shortly in the rest of Europe and the US. Shaw sees the EIS as a natural reaction to traditional difficulties in extracting pertinent and comprehensible data from larger mainframe computer systems. "Rapid access to analytical information is paramount and it's highly regarded. These peopls haven't got the time to wait for a report to be cranked out

It is worth noting that despite this formidable information armoury, the ::- ::-Wellcome Foundation was not able to anticipate or fend off a hostile £9bn takeover hid from rival Glaxo on March 16. EIS technology is just one asset in a competitiva énvironment. It may boost access to an existing pool of business acumen, but it cannot halt market forces.

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US PC market conditions

oow favour those companies

that are strongest in the con-

sumer sector, says Bruce Ryon,

Dataquest analyst. In particu-

lar, Apple Computer, Packard

Bell and Compaq Computer

have benefited from booming

According to IDC's esti-mates, the US market grew by

23 per cent last year, measured

in terms of unit shipments.

Compaq Computer emerged as the US market leader in 1994

with 12.8 per cent of the mar-

ket and a 61 per cent increase

in shipments. Apple Computer

was a close second with 12.2

per cent market share and a

share, as it increased sales vol-

ume by 100 per ceot during the

leader in the retail segment,

according to IDC analysts, and

systems because portable PCs

odest 8 per cent rise in ship-

home PC sales.





Bill Gates, Microsoft's chairman, (right), at the recent Windows in Finance' show in Stockholm, viewing a 32-bit version of the Devon was System for Windows from SunGard Capital Markets, running on the NT platform. SunGard's system is claimed to be the first large-scale Windows NT implementation, in terms of processing speed and risk menagement. Also pictured is Patrick Brazel, managing director

Office software 'suites' - by Martin Banks

Battle lines being drawn

seen in the results from mar-

ket researchers. According to

Dataquest, Microsoft oot only

dominates the suites market,

but also most of the individual

applications sectors, as a direct

Analysts at Romtec suggest

that, in the UK, Microsoft'e

share of the business rose from

70 per cent during the first half

of 1994 to 77 per cent in the

Lotus Development with its

SmartSuite package. This,

according to researchers at

Context, has under 28 per cent

of the UK strites market, which

leaves very little business for

SmartSuite was an early con-

tender in the revived suites

marketplace, but most observ-

ers suggest it has suffered by

having its component applica-

tions enhanced out of phase

with each other. This has

meant that at least one compo-

nent is relatively weaker than

More recently, other con-

tenders have appeared, most

notably Novell with its Perfect

Office. This, in fact, comes out of WordPerfect, the company that used to dominate the word

processing sector, which Nov-

have become a marketing-dom-

The key element in the growth of the suites business is their exploi-

tation of the built-in facilities

in Windows, such as Cut and

Paste, to provide tight integra tion between the individual

applications. It is this, coupled

to aggressive pricing that has

created the dominance of

documents, insert prepared spreadsheet data, graphics and

reports from databases into

those documents; and elec

tronic mail them to recipients local or wide-area net-

works around the world, all within the same single applica-

This can also be achieved

more quickly than with dispa-

rate individual applications,

even if they have claims to

It is the users' obvious plea-

sure in this integration which

makes suites the future object technology battleground.

Long-term, object technology

means that users will be able

ised 'suites' from functional applications components.

The battle between support-

ers of OpenDoc and OLE con-

cerns which standard such

components should meet. Both are designed to integrate com-

ponents tightly so that, for

example, changes mada to a spreadsheet are automatically

reflected in examples of that

spreadsheet that appear in

It is also a battle between

technical superiority and avail-

ability. OpenDOC is generally

seen as a superior solution to

the problem, but practical com-

ponents based on it are not

expected until later this year

OLE, on the other hand, is

already in use by Microsoft in

the Office suite, and a growing

number of other software com-

For both technologies, the

suite is now seen as the basis

of the library of object 'compo-

nents,' the core around which

customised applications will be

other documents

at the earliest.

erate their own custom

tion environment

being 'best of breed.'

suites in the marketplace. Users can write and format

Microsoft'e nearest rival is

second half.

In the long-term, object technology will allow users to generate their own customised software 'suites'

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here is more to applications suites than meets the eye. These collections of related 'productivity' tools that traditionally include word processor, spreadsheet, database, communications and presentation tools, generally sold under the generic sobriquets of 'Office' or 'Works', are set to be the field on which the leading object technology contenders do battle for the hearts, minds and long-term business of users.

Object technology is undoubtedly the key software technology for the future, allowing applications to be built up out of functional components, rather bought com-

There are two leading contenders for the standard technology that allows these components to work together one is called OpenDoc, and is proposed by the likes of IBM, . Apple Computer and Novell. The other is Object Linking ell bought a year ago. This is a and Embedding (OLE) from good example of how suites Microsoft.

That the suites market is to instead business, for it includes be a key battleground may at applications such as Quattro tion, for they are designed to bring together a range of complete applications, many with significant functional richness in their own right, into a single application. This is hardly the stuff from which 'component' software should derive.

As they stand at the moment, such an observation would be correct, but the strength of the suites market. both in the personal and corporate business use of PCs, means it is now the ideal launch-pad for any new development in software technology.

The notion of the application spite has, of course, been a fond dream of the PC-based software vendors for many years. There have been several attempts by vendors to develop linked sets of applications that were commonly employed by PC users. The early attempts

ost -commonly, the vendors were known vendors were known for one particular application and had limited expertise in building the other components. Most snites, therefore, consisted of several weak products supporting a good one. Today, these prob-

The result has been spectacular for both the users and the vendors. Suites have become the dominant force in the PC. applications market, and Microsoft has become as domi-

According to Dataquest, for example, the revenue Microsoft generated from its suites prodcombined revenues of its two top competitors, Novell and Lotus, during the same period. suite brings together applica-Excel spreadsheet, the Power-Microsoft Mail. It is available in two versions, a standard one for 'Soho' (small office, home the UK, and a Professional version for corporate users, which include the Access Database, for £460. The company also has

called Microsoft Works. The pricing, roughly equivalent to the cost of a single application two years ago, has distorted the PC applications market considerably. If users can purchase four or five applications for the price of one. they will do. The effect can be

demanding in

terms of PC performance and multimedia features

America's home

computer buyers

are the most

n the US personal computer market, 1994 was the "year of the consumer", with PC sales for use in the home soaring to almost 6m, a 40 per cent increase over the previous year. The treod is reshaping the PC industry as manufacturers and software developers increasingly focus their attention on the coosumer sector.

Fifteen years after the industry'a pioneers dreamed of putting a PC "on every desktop and in every home," the PC has finally become a true mass market consumer product, Already, more than a third of US households have a PC and a quarter of those with PCs use more than one computer in the The PC has solidified its

position as the 'hot' appliance in US pop culture," says Bruce Stephens director of worldwide

personal systems research for IDC, another market research

group. "The US leads the world in expanding the breadth of technologies, customers and uses for the PC." Home PC buyers now repre-

** US trends - The PC is now a true mass market consumer product, reports Louise Kehoe

sent the fastest growing seg-ment of the US PC market. While US sales of PCs to businesses, government and educatioo rose by about 21 per cent last year, the home segment grew almost twice as fast.

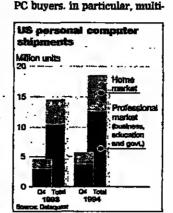
Of the 18.6m PCs shipped in US last year, 5.9m were for the home market, according to Dataquest, the US market research group. In a reversal of trends that have dominated the PC market throughout its history, bome computer buyers rather than businesses are now driving the adoption of new technology and dominating the efforts of software developers. "The PC is fast becoming a

staple of the American home. says Philippe de Marcillac, director and principal analyst of Dataquest's personal computers worldwide program. While the industry used to lump home computer sales into

the "small office/home office" (Soho) segment, assuming that most home PC purchases were work related, consumer purchases are now being driven

largely by entertainment, serve as well as access to the information and home economics applications. Just as spreadsheets and desktop publishing software drove the early growth of PC sales to businesses, today a raft of new applications is attracting home

Home PC market surges ahead



media PC applications such as games and video "books" have helped to turn the PC into a mass market product. About 80 per cent of the 6.9m multimedia PCs sold in the US last year went to home users, according to Dataquest.

Low-cost commercial on-line services such as Prodigy, America Online and Compu-

Internet, are also proving to be a strong incentive for US consumers to purchase PCs. Virtually all PCs sold through retail graphics design. outlets in the US now incorporate a modem.

Another heavily advertised application that is helping to boost demand in the US home PC market is Quickeo, the Intuit personal finance management program that enables people to organise their finances and pay bills electronically.

The consumer PC boom marks the reversal of trends that have shaped the PC market over the past decade. Until now, business PC users have generally purchased the highest performance PCs. Today, it is home PC buyers who are most demanding in terms of PC performance and features.

Most of the approximately 5m PCs based on Intel's Pentium chip that were sold last year weot to consumer purchasers, according to industry data. A very high proportion of PCs sold to US consumers also included e CD-Rom drive, sound card and speakers, to facilitate multimedia applica-

In cootrast, business purchasers have been slower to

account for a significant porshift to Pentium-class PCs and tion of Compag and Apple business applications of multimedia are limited to specialist areas such as training and

However, 1994 was a difficult vear for IBM's personal computer division. IBM was the only one the top ten PC manufacturers to see its sales volume decline during the year, (down by 8 per cent) as the company struggled to work off excess inventory in older products and meet demand for new

In the consumer sector, IBM under-estimated demand for its latest Aptiva models, effectively handing over sales opportunities to rivals. The company's problems were compounded by delays in shipping a new line of PCs for corporste

Other high growth compa-nies were Toshiba, with shipments up 106 per cent; AT&T GIS, up 93 per cent; and Hewlett-Packard, up 92 per cent.

Packard Bell ranked third in unit shipments with a 10.8 per cent market As PC manufacturers strug gle to differentiate products that are increasingly compared only in terms of price, building brand came recognition has year. The company is the clear become all important. PC manufacturers speot record amounts on advertising. may emerge as the overall including elaborate TV cammarket leader for desktop paigns, during the fourth quar-

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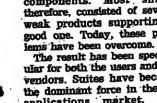
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opment of most software markets into the future. Microsoft is unashamedly using its current dominance of the suites marketplace as the fulcrum from which it hopes to leverage the future potential of



nant in this business as it has in operating systems.

ucts alone in the first half of 1994 was more than the total Known as Microsoft Office, its tions such as the Word for Windows word processor, the Point graphics package and office) users, costing £360 in a low-end, less featured suite

Thus, the company that 'owns' the core business functions library will be in a strong position to dominate the develobject technology as well.

software at work

opment took

■ The March issue of the FT-IT Review tooked at new business application for the 'data warehouse.' Thie 'Software at Work' section continues the theme with an examination of the underlying technology of database management systems (DMBS).

■ Database technology started with hierarchical systems in the 1970s. Previously, programs 'owned' their own data. The database created a common storage for data, organising it into separate files, each with e unique index or key for access. This format worked well for predictable transactions, such as updating bank

accounts, but it meant that a search for particular information required a custom-built program, taking some weeks to test and deliver in the third-genera tion Cobol programming language in which most business applications were

■ Relational databases (rdbms) arrange data into a series of tables or 'join' files, so that any item can In theory be a key. This can duplicate the same data within the database and can slow operations. but makes data far more accessible. Old-style hierarchical databases are usually faster in performance, but less flexible, so relational database vendors worked to optimise performance for operational work and transaction

Database management - transforming raw data into vital business information - report by Philip Manchester

Making the right connections

Important changes have taken place which make it easier to understand data and turn it into content-rich information. Embedding (OLE) approach to enable software components to

A and the primary purpose of information technology (IT) is to control data. indeed, in the early days of computing. IT departments were called data processing departments. The change to IT came when it was realised that information was more important: information is data with meaning and context.

Database management system (DBMS) software is the mechanism which turns raw data into useful information. DBMS software enables businesses to store and access data. But it also allows data to be manipulated in many different

Staff who take orders can, for example, use a customer database to check creditworthiness and file new orders. Accountancy staff can use the same data to chase payments ement can use it to track buying trends.

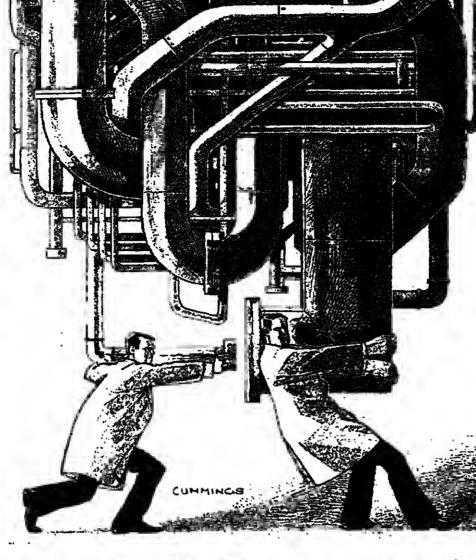
Since the late 1970s, two important changes have occurred in DBMS technology. One is the emergence of the relational model of data and the other is the separation of DBMS software into two separate components.

The relational model sees deta in terms two-dimensional tables - similar to Lotus 1-2-3 spreadsheets. This makes data easier to understand and easier to turn into information.

The separation of DBMS software into two parts followa directly from the relational model. Although apparently simple from the outside, the relational model is complicated to manage behind the screen. This led DBMS suppliers to separate the presentation of data from its management.

The desktop component of modern DBMS sets up requests and presents the data to the user. The other part usually sits in a larger computer else where on the company network, and it manages how and where the data is stored. The two parts are often referred to as the client and the server.

DBMS clients and servers communicate with each other using a notation called Struc-



tured Query Language (SQL). Desktop computer users can, for example, access dala on their company database with tools which send SQL requests across the network to the

Originating at IBM in the 1970s as part of its work in relational DBMS, SQL is accepted as a standard by all of products.

the leading software suppliers. This means - in theory at least - that it is possible to link the front-end software from one supplier to the back end server software from other suppliers. Unfortunately, it is not so simple in practice. Individual suppliers have extended SQL

to use special features in their

Software suppliers have adopted a number of different approaches to solve this problem. Software giant Microsoft has, for example, introduced the Open Database Connectivity (ODBC) model to help remove the inconsistencies in different DBMS suppliers' versions of SQL. It is also promoting its Object Linking and lots of different databases,

ODBC, which relates directly to DBMS, acts as an insulating layer between the desktop computer and one or more

communicate with each other.

Mr Tony Hill, UK managing director of the software tool builder Intersolv, sees ODBC emerging as an important standard for linking databases."We feel that software developers should be concentrating on meeting husiness requirements. But they are faced with a wide range of different dataases and need something to hide the differences. ODBC

Intersolv has concentrated its efforts on building what are called drivers for ODBC. These all look the same to the desktop application - but translate requests to individual databases in their own version of SQL. Despite this extra layer of software, Mr Hill claims there is only a modest reduction in _ data," says Mr Eubenks.

"Early attempts to use ODBC did not perform very well. But we believe we have cracked the problem of writing fast drivers. Typically, there is less than a 3 per cent performance degradation now

Many DBMS suppliers have taken Intersolv's ODBC drivers and added them to their own products - among them Com-puter Associates (CA). Mr Rob Hailstone, UK product man ager for CA accepts that ODBCa reputation for performance has not been high. But he confirms Mr Hill's claims for the new ODBC software.

We are building them into our development tools and are finding great performance.

The beauty is that we cannow sell our tools to users of other DBMS software like IBM's DB2 and Informix," he While ODBC solves some of

the problems of linking applications to multiple database there are, however, new problems facing tool builders and DBMS suppliers While ODBC helps access to

ance on the sales ledger. Operations like this cannot be handled by simple SQL and require an extra layer of soft-

maintain a view of data across

ystem," he adds. Mr Eubanks believes it is the

US software tools supplier

mentec.
The original concepts of chient/server computing have grown from their DBMS origins to cover other process manies want, for example to be able to include business Mr. Andy Smith, European-rules relating to applications, marketing director for DBMS When an order clerk calls up a supplier Informix also sees customer record to check creditworthiness, for example, it may be company policy always. None of the existing stan-to check the outstanding bal. dards for connecting DBMS

The problem goes back to managing the logical data, together more easily,"
model of the business. SQL. There can be no doubt that
was never intended to do this the emergence of the relational.

enforce consistency and company policies throughout the

role of the development tool builder to hide the complexity of linking applications to

because it gets around the ing object-oriented software incompatibilities in SQL it: technology such as Microsoft's doesn't solve the problems of OLE as the key. The object original data cross applies solved approach defines busisays Mr Gordon ness processes in terms of

If you can define busine rules as objects - then you tenance. You can re-use components at a high level which means something to the bust-

Mr Andy Smith, European object-oriented design as

"None of the existing stanreally address the prehiem. Users do not want to get involved in all the complexities but objects make it easier tobuild boundaries around application processes and link them

- it was designed to get at DBMS has helped to reduce the complexities of storing and. "You need to be able to accessing data. It has also sintain a view of data across helped companies to find tunoall applications. That's where ._vative ways to manipulate pretools come in - they can clous data resources and convert them into useful -information.

The range of development tools now available promises to exploit this information for the benefit of business.

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DBMS servers. He sees emerg- Project at Lloyd's: see page 17



CASE STUDY Paribas Capital Markets worldwide network

Rapid financial data for traders

places special demands on information technology systems. Trading companies need to combine data from different sources quickly and effectively if they are to be successful, writes Philip Man-

Paribas Capital Markets (PCM), an operational division of Banque Paribas, supports its clients in the global financial markets with a worldwide network based on e common integrated database

PCM operates in the primary and secondary bond and equity markets. It also handles currency and interest rate swaps. It has offices in Paris, London, New York, Tokyo, Frankfurt, Geneva, Singapore and Sydney. Traders in these offices need instant access to large amounts of data to carry out tasks such as pricing and

he international nature revaluing portfolios, determine as a single entity regardless simple, there is a lot of calculation needed. The dollar and loss on deals of where it has come from lation needed. The dollar analysis and keeping track of cash posi-

> When PCM set out to build the worldwide network in 1993, it faced two tough problems. Firstly, it had to be able to bring data together from different sources and secondly it had to develop front end user interfaces to access data quickly.

PCM uses Ingres and Sybase databases - accessed through the Structured Query Language (SQL). They run on hardware from DEC with either DEC workstations or personal computers at the front end. Data also comes into the system from data 'feed' services such as Kapiti's Financial Information Toolkit.

SQL allows data from the databases to be combined through a 'gateway' so that it. appears on the trader's screen

Although this involves an extra layer of software, PCM

says this does not affect performance too much - "sor times, we gain, even though the networking software is a little inefficient. When there is a degradation, it's not significant," says an IT official.

hen it came to build-ing the front-end interfaces, however, performance problems were more acute. Windows 4GL, the development - tool · supplied with the Ingres databas not efficient enough to handle the complex screens. Many of the users need as many as 50 different screen formats.

The Ingres Windows 4GL took an unacceptably long time when re-drawing the screen. Although the presenta-tion of the data is relatively

cation will lock out the whole application while it is working nd this was not acceptable." 🕏

PCM decided, therefore, to look around for a software tool that could build a more flexible front end. It chose Open Interfece from the US software company Neuron Data - mainly because it could cope with doing the necessary background calculations without locking out the screen.

PCM acknowledges that it takes longer to build applications with Open Interface than it does with the 4GL tool but it says that the extra investment in time and effort is worth the result - "the development time is longer - but the quality of the product is higher. And the more we work with it, the more we're able to re-use

some of the code."

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CASE STUDY Developments by Sainsbury's supermarker chain Key link with 300 retail outlets

he humble till at the supermarket checkout sits at the front end of an increasingly complex infor-

mation technology system.

Each bar-coded item which passes over the till's scanner calls up pricing information and adds it to the bill. The same data also starts procedures that reach right back to the heart of the supermarket's distribution and stock control system, writes Philip Manches-

Database software plays a central part. It records local sales and re-ordering schedule to ensure the shelves are well stocked. And it can be used for historical trends analysie to detect seasonal shifts in sales. in the competitive retail market, fast and efficient database technology is essential.

Three years ago, Sainsbury's, the UK's leading supermarket chain, decided that it needed to re-design its operational support systems around a distrib-uted database - we knew we had to take a fresh look and after a lengthy review period we went for a distributed system," explains Mr Martin Wright, technical infrastructure manager at Sainsbury's. The main need was for a sys-

tem which could hold data



locally at Selnsbury's branches. During the working day, the checkout tills feed sales data to the local database. This data is then fed to a central system to initiate orders for future deliveries.

But as Mr Wright points out, the sales based re-ordering (Sabre) system is more than a system for capturing data. It links to other operational func-tions within Sainsbury's and includes some advanced analysts software.

Sabre has some complex and secret algorithms for cal-culating future orders," he says. Unusually, Sainsbury's chose its database software first - and then looked for

appropriate hardware to sup-

There were two separate decisions; first we wanted to find the right database technology and, once we had found it, we then looked for a hardware supplier. We finally chose Hewett Packard," Mr Wright

Sainsbury's assessed three database products: Oracle, Sybase and Ingres. Mr Wright says that it chose Ingres because of the need for distributed data. Sainsbury'a has 300. branches across the UK and It was essential that they were all supported with the same system - "Ingres was - and still is - ahead of the rest in distributed database. The ability to run it in 300 distributed locations was decisive."

At the time of the original ontract, Ingres was supplied by the US software company ASK. It was acquired by the software giant Computer Associates (CA) in 1994. CA has continued to develop the dis-tributed technology in Ingres. Distributing data in this way allows Sainsbury's to provide

local management information for the branch managers. But the Sabre system also cts to databases on other systems - primarily the system that controls deliveries of goods to the branches. Sabre uses the Structured Query Language (SQL) to link to a DB2 se running on an IBM

mainframe. "When a lorry arrives at a hranch, delivery data is fed back to the central DB2 dataase using SQL,"-says Mr Wright Initially, the data had to be routed through a central computer before going to the IBM mainframe. This high lights the problems of linking

different databases.

Mr Wright says, however, that CA has recently delivered enhancements that allow individual branch computers to link to the IBM mainframe

directly.

A system as large as Sabre is obviously a costly venture. In addition to the bardware and software costs, it required a new set of technology skills from Sainsbury's development staff. Mr Wright says the main lesson Sainsbury's has learned from the Saire project is to move quickly once the development decision has been made: - Despita the complexity of

euch a large project. Sains-bury's expects Sahre to be fully operational in its growing net work of supermarkets by the

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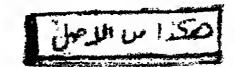
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update

FT survey available on the Internet

The latest Financial Times survey on Poland is now available on the Internet, the world's largest computer network. The 24,000-word survey is thus available to a potential audience of 40m Net surfers,' including thousands of companies which plug in to the Internet each month,

Key business information on eastern Europe's emerging markets is collected by Internet Securities, via its offices in London, Pittsburg, Warsaw and - soon - in Moscow. This information. including the FI's 12-page Poland survey (originally published on March 28), is then distributed via Internet

The range of services from Internet Securites includes news and translations from leading business papers, company financial statements reports by industry analysts,



the largest biological research institute in the UK, employing companies about to be privatised in eastern Europe. more than 800 staff, with an annual budget of £30m. The museum is using an

The company can be eached on Internet address http://www.securities.com or by phone in the UK on +44(0) 171 570 0057 or in the US on 1 412 688 9388; or in Poland on 48 2 Mammoth

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Museum, which houses 68m natural objects and spe

database

integrated 'collections management system for its Life Sciences Department which holds 40m specimens and receives 2m new items a year. The database is being created on systems from Borland, the software task to create services company,

international

Outsourcing deal worth up to £1bn

The proposed outsourcing and acquisitions deal - worth up to fibn in fees over ten years between Lucas Industries, the engineering group; and Electronic Date

computing services

company, would make KDS

the largest supplier of IT services in the UK.

The provision of IT

services for Lucas by EDS is

expected to be worth around

£500m over ten years with a

further £500m of revenue to

EDS coming over the same

period from the proposed

Engineering and Systems,

LE&S, a management consulting operation, based in the West Midlands; and Lucas

The deal would mean 1,200

IT staff from Lucas would join

more than 5,000 employees of

Lucas, which specialises in

EDS in the UK. LMS would

continue to operate as a specialist unit.

Management Systems, LMS;

acquisition of Lucas

based in Slough.

line of large organisations, including Xerox and the inland Revenue, to use KDS services. Mr Tom Butler, managing director of HDS UK, says: "In the manufacturing sector, we've been working with General Motors for over en years. Our experience in implementing common working processes for a global operation was instrumental in persuading Lucas that we could meet their

engineering, is the latest in a

and LE&S providing a 'natural fit' with EDS, helping us to develop further operations." EDS, founded in the US in 1962, and bought by General Motors in 1984,

has more than 75,000 revenues last year were a record \$10.05bn, compared with \$8.56bn in the previous

Growing importance of electronic data interchange

The UK leads the way in Europe with applications for electronic data interchange KDI - the technology for sending and receiving electronic messages to improve the turnaround time in business deals and "just-intime" delivery systems. In particular, EDI has increasing applications among suppliers in the retail sector.

The European market for KDL, which stood at \$326.7m in 1998 is expected to increase to \$661.9m in 1997, according to analysis at Frost and Sullivan. The easing of trade barriers plus savings in administration are expected to boost the RDI market by 19 per cent annually over the.

within governments throughout Europe has faced setbacks because of within local and national

Levi's new multimedia 'iean machine'

in the first multimedia project of its kind-customers calling in to Levi's 'flagshin' store in London's Regent Street can select Jeans via an interactive computer screen which presents them with a range of variants and a choice of 87

advanced Macintosh compute touch-screen which features models wearing styles ranging from shim, regular, loose and super-loose. The multimedia system brings together animation, music and video to amplify Levi's brand

The feedback from customers is very positive." says Peter Warren of Tul, the London-based multimedia Similar projects may be tried at other European retail outlets.



Virtual scenery created on computers

plus video game players. somisticated special affects, computer companies are racing to introduce new services for the digital entertainment market. Pictured left, for example a scene developed on a high-performance Silicon Graphics workstation for a new production by the Rocket

Science Cames company Virtual Reel Estate; a company producing compute generated fantasy backgrounds, is now converting the BBC's see catalogue in to three dimensional computer sed models. This facility allows set designers to try out many different designs on screen, without having to build a set

up by Robert Harris; a leading scenic designer and wonder of the Travelling Main Charpany which specialises in creating ary on Silicon Graphics

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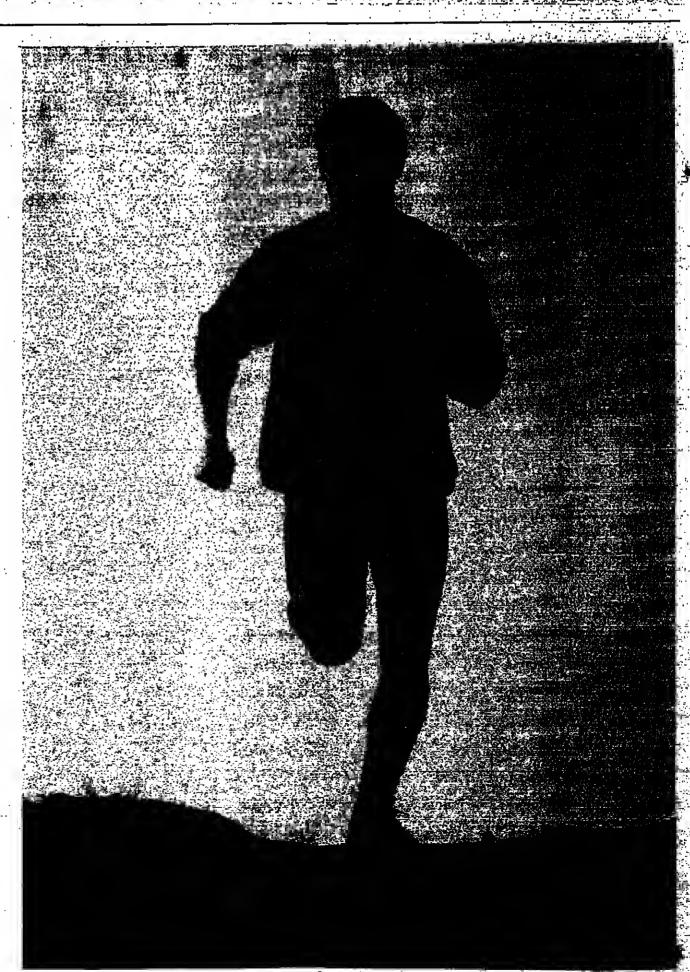
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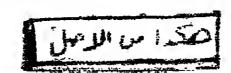
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update

Repopean exhibition for historiastion and scation technologies broke all records with more than 750,000 visitors attracted in Hannover by 6,167 exhibitors from 59 countries.

In a survey among subblious after the event. sales expectations reportedly rose again, with more than 77 per cent of companies . scribing the response as

avournmen. Highlights of the March low included multifunctions: bardware, combining munications and utormation technology, and network technology, with a focus on the Internet, the world's largest network. The software sector was dummated by products for the work group and work flow ment sectors. The event altracted 481,000

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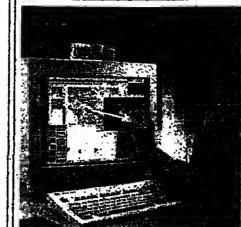
55,000 over the previous year. The US led the way with the highest number of exhibitors (478), followed by Taiwan (289), the UK (266) and France

Nearly 90 per cent of exhibitors have said they intend to return for next. year's shorter, seven-day show, planned for Thursday, March 14 to Wednesday. March 20, 1996.

Bank's video expansion

The Royal Bank of Scotland. which has been using studiobased videoconferencing for 10 years, now has plans to expand its desktop video network with trials of the new 'Presence' videophone system, which British Telecom developed with Panasonic, the electronics groups.

The bank already carries out 2,500 video meetings a year using its studios in London, Manchester and Edinburgh, Rach site is equipped with BT's VC5000 high quality



Geography is no barrier

Regardless of location, manufacturers and suppliers can work together on screen, using Syntegra's 'co-operative engineering' system. which allows digital design information to be read, shared and amended electronically around the world.

Sharing information increases the 'right first time' factor in engineering projects, thus reducing time-to-market and cutting costs. Syntegra is the systems integration (SI) husiness of British Telecom

· SI 'gines together' the distributed technology processes, enabling independent businesses to co-operate effectively.

ideoconferencing systems designed for large groups of people. These facilities can be linked by satellite to sister companies in the US and Spain - Citizen Bank in New England and Banco Santander in Madrid.

The new 'Presence videophone, costing £2,500, has full-motion, full-colour video facilities and is designed for senior executives who do not use a PC on a day-to-day

basis, but require the added advantage of visual communications for everyday

The world market for videoconferencing systems is estimated to be \$500m a year and growing rapidly, BT. which is investing heavily in visual services, expects the world market in this sector to exceed \$3bn in the next three

New ways to detect fraudulent credit applications

'A' new computerised risk assessment system to detect fraud in credit applications is able to identify discrepancies between current and previous applications by the same

person - and, just as important, to cross-check information on other credit

applications. Industry statistics indicate that fraud costs the UK finance industry £2.7bn a year, with an estimated six per cent of new applications for credit containing an element of deception, often hard to identify.

has been developed by the international CCN Group and a consortium of financial institutions including Nationwide Building Society. GE Capital and Lombard Tricity Finance. The CCN credit database holds more than 250m records with 66m names and addresses, along with details of 2.7m

The new 'Detect' system

companies. The 'Detect' system "reintroduces an element of subjectivity" by identifying discrepancies between various credit applications, explains Tony Leach, sales director of

Nottingham. For example, it

· Identify an applicant failing to reveal an address occupied between those listed on the form.

CCN Credit Systems in

 Recognise a bomé phone number quoted, say three bours earlier, as a work number by a person with a different name. Spot contradictions in

answers over 'time with bank' Check address data with that given on the Voters' Reveal if a bank account

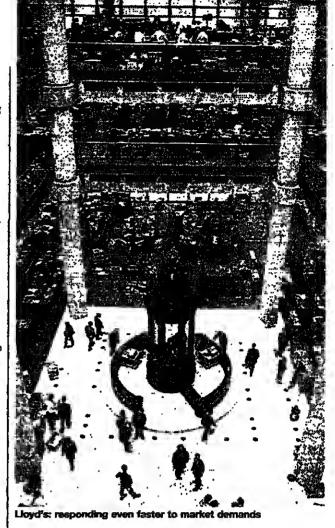
number quoted on a previous application was used by a different person at a different address.

Credit applicants who make a genuine error will benefit from Detect's ability to refer apparent discrepancies to an operator and thus avoid

Advanced software developments at Lloyd's of London

Lloyd's of London, the insurance market, has chose advanced object-oriented (0-0) software techniques to build its next generation of system will add to Lloyd's competitive advantage by allowing it to respond to market demands more quickly.

Key market operations at Lloyd's will be supported by systems produced with



'Software through Pictures,' an O-O modelling tool from Interactive Development software enables Lloyd's to

design its strategic applications for re-use, as the development team creates a library of software 'objects' which reflect how the market operates. The ability to re-use software 'objects,' rather than rewrite the same software. will support the insurance market's smooth operation where there are many individual companies doing the same kinds of business. IDE has more than 12,000 software users in 25 countries

Michael Wiltshire

Prizes worth £20,000 for software designers

Prizes of cash, hardware and software, valued together at £20,000 are once more offered to winning student software designers in the Business Software Challenge '90s' launched today for its fifth

This national design competition recognises and rewards student designers and recent graduates - while demonstrating to the bustness community the quality and range of software design talent at higher education institutions in the UK. The competition, spon-

sored by Computer Associates, the business software supplier, and ICL, the IT systems company, is run in association with the Financial Times Review of Information Technology. Winning entries in the last

four years have includes a design for a small hotel sys-



tem, a mathematical modelling package for non-specialists, a system for belying in the medical care of patients with heart problems, and a package to help evaluate the risks in new mining projects.

Entries may be submitted by individuals or teams. This year the sponsors are inviting suggestions from students, academics, business people and professional organisations from anywhere in the world for ways in which simi-

own markets. The competition is supported by the British

Computer Society, the Institute of Management Coopers & Lybrand, the Worshipful Company of Information Technologists and the Conference of Professors and Heads of Computing.

lar initiatives in software

design could be run in their

The closing date for entries is September 1,1995. For further information on the competition, write for details and entry forms, from:

Business Software Challenge 90's 7 Bayley Street, London WC18 3HB

Tet: 0171 636 7384 Fax 0171 636 7876 F-mail (Compusarye) 100566,3506

Staff training - Attitudes are changing, says Michael Dempsey

Management takes a positive view

An emerging vogue in PC training dispenses with human teachers altogether, but competent classroom trainers clearly have a secure future

raining has made the breakthrough in terms of management consciousness. It is established as 'A Good Thing' – and as PCs running formidable packages of software have appeared on the desk of every employee, so computer training courses have achieved the happy status of 'A Very Good Thing' m most

There is, however, a drawback to this positive reaction to training schemes. Far too many companies fail to think through the purpose of giving individual staff a firm grounding in one program or system. Despatching dozens of people to attend standard courses on one product can cost an employer thousands of pounds and yield very little other than a certificate that pleases indi-

Computer spreadsheets are a vivid example of this approach. In a large company, evary spreadsheet user is in touch with the same central accounting system. But at the desktop level these staff all employ the spreadsheet on their PC for different tasks. How does a company reconcile the rational desire to exploit an IT investment to the full while avoiding indiscriminate spending on training? Tessa Dash is joint proprietor of Dash & Kane, a London-based consultancy that specialises in teaching small groups of people to use popular

PC software. The consultancy prides itself on a pragmatic approach people use no more than 20 per cent of the capability of their software packages. So there is no point teaching them things they won't use," says Ms Dash. She believes that effective training begins before the stridents are string down in fount of a computer screen. "Anyone can, for example, chek on the mouse bere or Gars. We try to avoid spoutsoftware' Wa slt down

with the client and try to iden-tify what their employee needs

PC training has to make sense in terms of the organisation's overall objectives, so a shrewd trainer will take time to grasp the company's structure - "the real benefit comes from a trainer who understands how departments fit together - and a smart manager uses the course to get more out of each employee." The consultancy charges up

to £400 for groups of four, with clients such as conglomerate RTZ and stints working for the British Council as far afield as the Yamen to its credit. It recognises that a lot of training time is wasted because staff have ignored hasic requirements. If a trainee is unfamiliar with a monse it makes sense to sort ont inhibitions before the course starts. Consultants recommend that

novice mouse-users should play a computer game for one hour every morning the week before training.

ames Gibh, head of information management train-ing at Shell International, the oil group, agrees that a high proportion of desktop software is never used.
"I'd be surprised if more

than 30 per cent of functionality is accessed in most packages," he says. "Your average user doesn't need that much." Shell uses external trainers for basic PC training, and recruits these specialists locally. For more strategic training, involving IT planning, the company organises courses centrally and sells tha facility to regional managements - "these are functions that must be performed in a consistent way right across the globe," says Mr Gibb.

With 220 permanent staff and a pool of freelance trainers, Peritas is the largest independent computer training organisation in Britain. The £24m turnover operation is entirely owned by ICL, but offers courses in programs from most

leading suppliers. Mr Paul Butler, manager of information systems technology at Peritas, says that the emerging vogue in PC training dispenses with buman teachers altogether Multimedia technology, the merging of voice and video images with data on a PC screen, promises to guide the

pupil through every keystroke of a program without the expense of a trainer or the need for a classroom. "We are planning a signifi-

cant growth in multimedia business," says Mr Bntler. Some clients are strongly attracted to the multimedia approach: training transferred to a CD-Rom disk, packed into a multimedia-capable PC, allows cartoon characters and the voices of actors to intervene in the humdrum world of the accounts program.

The Scottish Prison Service is introducing an information network to its 4,500 officers using a Peritas multimedia package - "it lets people learn at their own pace and they can avoid the rather tedious nature of formal classrooms," says Brian Sutherland, the Prison Service project manager

Broadcast Media is a film company thet diversified into the multimedia husiness. From the company's Sussex headquarters, Mr Rod Hotham, marketing manager, is engaged in a campaign to supplant traditional training methods.

Multimedia offers the ability to put your best tutor in front of any number of trainees all the time. It cnts costs hecause you only need one recording, instead of paying trainers all the time. And it reduces pressure on the trainee, letting them learn at their own pace.

Unfortunately this argument was heard a decade ago, when Computer-Based Training (CBT) was pushed hard by large organisations such as the former Control Data, then a large hardware supplier.

The concept floundered because technology in the mid-1980s could not address the complexity of the buman learning process. Today's systems are far more practical as aids to training - belp functions have become more practical.

But no computer-based training scheme will cover evary question - and without swift answers, the student becomes frustrated. The cost of designing a multimedia presentation tailored for one department means that this type of training demands a large number of trainees to be cost-effectiva. The competent classroom trainer has a secure future until programs can be written for every individual user. That

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directions

Teleworking buzzwords

- III Teleworking, variously known as telecommuting, and remote working, is iT-supported 'distance working' that mekas extensive use of telematics - telephones, fax machines, electronic mail, and so on. The person undertaking the work does so at a physical distance from the person or organisation employing him or her, either tull-time or part-time, often on contract, in British Telecom's definition, teleworkers generally process electronic information for a remote client, with results communicated to the employer by a ecommunications link.
- Distance group working or tele-cooperation enables interactive consultation, as in telesecretariat emaintenance, and telemedicine. (In Scotland, remote greats are experimenting with the use of video-links between consultants and other medical experts and their remote
- Hot-desking is the use of one desk (and its technology) by a succession of different workers. The employer provides a deak in permanent premises: the territory does not belong to any one individual worker, but is used by any one of a group of people who goes into the premises occasionally.
- A normadic desk is a work location obtainable by remote access (often via a laptop computer) from wherever the worker
- The telecottage is a local centre, open to anyone who needs the service, providing PC, printer, fex, telephone and other equipment. Funding comes from various sources, local and national, and can even come from large corporations whose outworkers' (see outsourcing) use the facilities.
- Outsourcing a tashionable expression describing the use of outside, possibly remote, services to replace those of in-house employees. In this organisational model 'core' workers who are responsible for key activities buy in outside resources as and when they need them from peripheral resources (such as consultants) or other 'outworkers.'
- ISDN Integrated Services Digital Networking allows for high-speed data transmission on lines that can accommodate voice, image, computer data, video and graphics, videoconferencing and image transmission. For the home or office user, a single pair of wires can serve phone, fax modern, all on the same line, with incoming call differentiation, calling line Identity, and connection within milliseconds.
- CTI/CIT is computer telephony integration, the combination of computer-based information with telephone services. Typical applications are telesales and customer services (where an incoming call automatically summons the associated customer record to the operator's screen). The arrival of voice technology has further broadened the scope.
- Telexecutive a word, originated by Francis Kinsman, and used to describe a highly qualified worker, probably part-time, whose flexible working pattern might involve hot desking, homeworking and telecentre working.
- Corporate telecommuting provides a formal framework for an organisation's professional employees to work at home.

**Remote' working - The US leads the world in applying IT-supported 'distance working', reports Claire Gooding

The ups and downs of teleworking

There's no place like home, wherever it may be, but keep me in work, says the

'virtual employee' The next time you pay for a packet of pasta - or any other manufactured product - reflect on this: you are mostly paying not for flour and egg, but for the information required to deliver it in that form, and to give instructions on how to cook it.

a direct link with the growth of teleworking. People no longer have to be located under one roof to contribute to a product or service. They can do so from home in premises which come cost-free for the employer.

Research in Europe has shown that as much of 90 per cent of what the consumer pays for consists of information-hased 'added value': design, packaging, advertising, distribution, management, and so on," says Ian Culpin, a consultant to the European Community. In theory, many of those jobs involving information could be done anywhere

where the right skills exist." Mr Culpin sees teleworking as capable of making a great contribution to economic growth in a global marketplace where distance is no object.

'In Europe, more than 70 per cent of turnover is created by small and medium-sized enterprises - SMEs - whose average size is seven people. Even half a job per company [for a teleworker] would make a dent in the unemployment figures. If there is a way to use the information society to create jobs, then we have to adopt a far more positive attitude to the potential," he says.

Currently, telework penetration overall is estimated at 5 per cent In European organisations, (the larger the company, the greater the adoption of lework), with around 1.25m teleworkers In all.

Scandinavia and the UK have already been enthusiastic in the adoption of teleworking. and have used the arrival of ISDN lines (see buzzwords

Have remotely located workers

Have no remotely located workers



rural areas. The Telework '94 initiative, launched by the EC (Directorate B), put the UK top of the league table for the number of teleworkers (45 per cent of the total) with France, Spain and Germany following - see

An EC report, New ways to work in the virtual European company, March 1995, identifies three other factors in the growth of teleworking, apart from the knowledge-content of products. They are the convergence of computing and telecommunications, the economic pressures to 'outsource', and the need for more autonomy within organisations.

eleworking is itself likely to be the main source of demand for ISDN connections in the year 2000, according to a report by the consultancy Ovum for the EC. The US is already well ahead of Europe, as a result of its the adoption of ISDN, and the provision of POP - Point of Presence local-cost calls. Bell Atlantic, for example,

provides ISDN via dial-up con-

Companies with remotely located workers by country

Source: Dataquest report - The Evolution Towards Enterprise-Wide Networking

trol-points which are much less costly than a dedicated line. which can be \$400 to install, and £84 per quarter to rent in the UK. In the US, Internet service providers and home workers are seen as the main driv-

If Europe is to catch up, further deregulation of the telecommunications industry, introducing new competition to established providers, is seen as a necessity hy many

Yet, although teleworking can clearly make an important contribution to economic growth and employment, trade unions in Europe are worried that the move to part-time, self-employed contract labour as a route to cost-cutting, will also enable companies to bypass traditional labour laws.

Self-employed teleworkers can be second-class citizens. compared to employees. Contract labour is cheap: no insurance contributions to pay, no premises, no equipment to buy. no pension, no benefits, no responsibility for health and safety, no long-term commit-

Germany

32.6 per cent 31 per cent 51.5 per cent

67.4 per cent 69 per cent 48.5 per cent

able human resource," claims Gustave Jaeger, market earch analyst with Frost & Spilivan in Brussels.

"On the positive side, teleworking helps [to reduce] unemployment, but on the neg-ative side, it introduces cheap the world." Telawork from Europe, he points out, does not necessarily stay in Europe. India has good English-speaking manpower and is techni-cally educated. The US is using Indian skills remotely. Telework can also go to Malaysia and the Philippines, China, or elsewhere as long as the technology and skills are in place." Soma EU companies are aiready exploiting the wage gap between Europe and the rest of the world by contracting out data processing - and even software development -

to India, eastern Europe, India, and the Pacific Rim. ees themselves appear to be in favour of flexible working. And, as social trends adjust to an SME-based economy, the problem to be resolved. All young employees expect a PC as a matter of course, notes the

IT research company Spikes

Cavell, in its UK report The

Coming of the Third Age, com-The executive level managmissioned by mobile PC manuers will always be in-house, facturer Zenith, Increasingly, and teleworkers will never be what they are not expecting is as highly valued as in-house employees: they're unlikely to

in most countries, however, the social system is still geared and then draws a pension. Governmants need to make changes which recognise that a worker of the 21st century is less likely to be an employee.
Only then will a balance likely to be achieved between all the competing interests involved in teleworking

n Sweden, Digital Equip-ment has a hot desking centre huilt for flexible working, and has adapted its premises for the purpose. The desks disappear into the celling when not in use: a good physical metaphor, perhaps, for the virtual employee.

In real life, however, he or sha will increasingly want their needs at least to be visible at all times and their rewards to be comme with their efforts.

tel (Belgium) + 32 2 295 90 54 The Virtual Office Reality of the Future, Dalaquest ... Europe; UK tel: +1494 422722 ISDN final report to the Euro-1994; Ooum: tel +171 255 2670. The New Age of Teleworking, from Envisage, UK: tel Mrs M Holland, +1438 717155. The Third Age of Comput ing, Spikes Cavell/Zenith; March 1995, UK tel Louise Denny, +181 479 2228.

□ Unisys' Intouch survey: tel

Peter Burice, UK tel +908 212000

CASE STUDY Digital's 'hot desking' system

The system that follows you everywhere

here's a steady buzz of voices In Digital's open-plan office in the Crescent, Basingstoke, People come and go, leaving the desk clear, and taking care to log-off the terminal or personal computer.

ment. Every manager's two

worst headaches, premises and

people, are at a stroke dis-

tanced - literally - from the

get to the top. They are an

profit equation.

This is a hot-desking office, where staff have only a cubby-hole for possessions, a temporary mooring but no permanent berth. writes

Claire Gooding. For Digital employees, the only permanent feature is their telephone number, which follows then everywhere, thanks to a system called Pam - or Phone

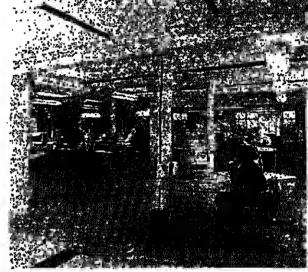
Access to Mail. Pam re-routes calls so that users can program their personal computer, laptop or mobile phone, to become their own extension, to which all incoming calls are then relayed. The system enables them to receive calls, have

them referred by their secretary, or re-routed to wherever they want. Calls can be directed via Digital's Virtual Private Network at a fraction of the usual cost, whether the person is at home, or in a hotel room anywhere in the world. The system can

manage most input, including electronic mail, screen-based text, and faxes, all of which can be synthesised into A neat feature is the ability to pick up voice-messa; using the telephone itself to

replay the sound. "We were looking for a solution as simple as possible. so that people could use whatever technology was to hand," says Dave Gillies, consultant and flexible

"The telephone handset was the lowest common



In Digital Equipment's specially adapted 'hot-desk' office in n, the desks disappear into the ceiling when not in use

denominator. For salespeople on the road, it's Ideal, as they can use the time in the car to listen to their messages and reply to them, on the mobile phone. The beauty of it to my customer is that I have one number, which reaches me even if I'm in a hotel room in

The system enables each secretary to manage 20 or so people - everyone has an electronic diary noting their movements for the day. Pam manages all the routeing transparently. Callers cannot tell that the secretary - to whom they speak first might be in Basingstoke or Reading, while their real quarry might be working at home in Welwyn Garden City. such as Stephen Jupp. principal consultant and flexible working manager at

Digital. Mr Jupp works an average of three days weekly at home. advising Digital clients on the

working in general, and Pam. now a product in its own right, in particular.

From her home in Digswell near Welwyn, Sue Barber administers Digital's Systems Integration Service Centre and is also secretary to its manager.

Some people find it odd that I don't sit outside the manager's door. But with the electronic diary I can see at a glance where peopla are likely

She uses a telephone with a hutton which gives direct access to Digital's network. The main part of her joh is in keeping track of the 112 staff and their workload information that takes time to consolidate, without interruptions.

"That'a what I like best; the phone rings but there are no. other distractions," she adds. "But I have to force myself to take breaks, and one thing that's emerged is that I'm not getting anough exercise."

North American telecommuting - human costs have become apparent, reports Geoffrey Wheelwright in Vancouver Not always a smooth road

orking at home may sound idyllic. especially to those with cially to those who face a long daily commute to work. Yet in North America where many large corporations and government departments have adopted telecommuting schemes, the human costs

have also become apparent. For many workers who have spent their lives in corporate environments, it is difficult to adjust to working at home. While technology makes it possible to perform informationbased jobs almost anywhere, not everyone is suited to telecommuting.

The road to happy telecommuting is not always smooth, says Ben Rosen, chairman of Compaq Computer. Over the past two years, the PC manufacturer has moved to a homebased model for much of its North American field-hased sales force as it cut hundreds of staff jobs in the US and eliminated expensive leases on regional sales offices.

were some problems with this move and that not everyone was able to adjust to working from home. Some ended up being redeployed in the company - or leaving the organisation altogether.

An in-depth study of the impact of telecommuting is under way at Xerox Canada. which is using its British Columbia operations as a testbed for a complete internationsl revamp of Xerox operations that makes heavy use of telecommuting.

"Forty per cent of our employees now work from home," explains Dennis Finnegan, vice-president of the recently-established Xerox Customer Business Unit in BC. "So we are in the process of rolling out laptops and CD-ROMs for product manuals and information to service reps which will allow them to do service calls and co-ordinate their activities from their home offices."

Xerox has had to put in place

grammes and support schemes to help employees adjust, he says - "one of the key deliverahles from a personnel development point of view is to develop skills, knowledge and competency levels for all field

"As to the whole issue of personal development and growth - and the impact of all of those changes on hierarchy - we are in the midst of determining [the impact]."

Mr Finnegan advises any company planning to adopt telecommuting to become more attuned to individual employee's circumstances - and that means throwing away many old ideas about 'cookie-cutter jobs and contracts - "we write a new contract for each employee," he explains.

Xerox also has realised that this individual approach means allowing some users to telework from places other than their home. Finnegan tells the story of one sales rep in northern British Columbia

work at home because his wife much of a distraction. The office, support staff and office

He says the company bas

ran a daycare programme for pre-schoolers which proved too solution was to provide the employee with office space at a local service hureau that he could use as a 'virtual office' when needed - without the cost of a full-hlown regional

also become aware of the issues that can be raised when a spouse who has always left for work each day is suddanly at home all the time. Children want to play - because they are only used to having this parent at home when they are not working - and spouses can become frustrated at having to change their routines to accommodate another person

being around all day. "Telecommuting should not have a negative impact on the quality of life and family situation. You need to tailor the definition of work at home," Finof the ohligations you have to undertake as an employer. The infrastructure of the employer's organisation also has to change to properly sup-

port teleworkers. "You have to ensure that you have the systems infrastructure in place so teleworkers have access to the data and information they need to do their work," he says.

While it takes self-discipline on the part of employees to make telecommuting a success, employers must also recognise that their teleworkers are not always on the joh, even if they are in their place of work. Mr Finnegan rejects the idea

put forward hy some social commentators that working from home means that employ ers can call on their employees at any hour of the day or night when the customers are closed, our sales reps and service force is off duty."

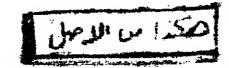
But of course, if a customer

has a problem, he or she always knows where to find



grander of the engineering of the contraction of

CASE STUDY Teleworking from sheep to shore



Fural telecentre - Competing for business from urban areas - report by Claire Gooding

At the heart of the telecommunity

Project aims to create jobs and offer users top class services

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piome -Marie and American

ne of the fledgling experiments of the information society is on the threshold of independence in the UK. The Kington Connected Community (KC3) was a project set up in 1993 to energise an entire community by means of technology - a sort of intensive prototype for teleworking. Kington is a ment is becoming a self-sup-small town in Herefordshire, porting organisation. selected as a typical model in terms of its economy, particularly rural unemployment. The KC3 project was initially funded through British Telecom, the Rural Development Commission, the Department of Trade and Industry and

Apple Computer, which provided much of the equipment. All funding runs out at the end of the year, and 18 months down the line, what was envisaged as an open-ended experi-

"Success has to be seen as becoming self-financing viable company, and we're close to being that," explains Dominic Bourton, the telecentre operation manager. He is now doing a corporate review and and a new business plan. "In a rural area, our nverheads are mnch lowar than urban areas. Through the level of technology we have, the quality of work we deliver is top quality - as good as you'd get anywhere. Moreover, the speed of delivery is as quick as you'd half of KC3's turnover origiget anywhere, but my prices are incredibly competitive."

Mr Bourton, like any small husiness manager, is looking for new business - "my main commercial contracts vary considerably from software development to marketing initiatives, including direct marketing, and database entry (data capture). The ceotre has taken over payroll, personnel. and general office administra- says."

nates outside the area, typical work being a large data-entry contract for a Hampshire computer-services company.

"I'm in the husiness of creating real jobs and opportunities. I want to open up new aveoues, new opportunities for employment, for kids when they leave school and people who would otherwise he long-term unemployed," he

remotely," he says. Well over the centre is only a shop window for the project as a whole - it gives people a focal point for what is effectively a virtual company - "my main problem is getting it across to employers that they can reduce their costs by planning ahead and using a service like ours. Forget the picturesque idea of roses round the door and pot-hellied pigs in the orchard. I'm talking about outworkers and contracting out. making businesses more effi-

Teleproducts - an introduction for the teleworker Equipment: users are spoiled for choice

kit vou choose, it will soon be out of date, warns

of e few products launched

□ Hardware. Compag, the computer manufacturer, offers

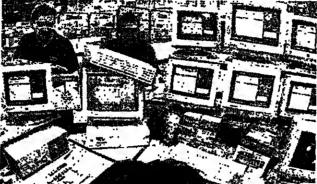
NEC, the computer notebook manufacturer, launched a Pentium-based range, the Versa P series in October 1994, with 'plng and play' monitors for

driven laser printers, Super-Script, which includes photorealistic colour printing for SoHo design agencles and photo shops, priced at under £1,000. NEC Peripherals: tel 0181 993 8111.

□ Communications. The data communications company, Pace Micro Communications of Shipley offers the Linnet Message Desk - a desktop modem which enables users to send and receive faxes, email and data files, and operate a full voice mail system from a desktop computer. Details from Pace on 01274 532,000.

Racal Datacom, part of the communications company Racal Electronics, chose the CeBit exhibition in Hanover last month to launch its DAP-4005 terminal adaptor to enable teleworkers to transfer large files and make remote connections from low-cost equipment, as well as an ISDN connector, the DAP 4200, to connect existing fax machines, moderns and other existing analogue equipment over ISDN lines. Racal Datacom: tel 01734 669 969.

XcelleNet, the communicachised' home-worker; one who



Plenty to choose from - a wide range of personal computers and

Xcellenet; tel. 01494 558000.

Services. The Virtual

Home Run is a subscription

wife team Andrew and Sophie James. They also test equip-ment and offer fact sheets on starting and running bome-

☐ Connectivity, Unisys, the computer services company. launched its InTouch network service to integrate mobile workers into corporate networks. Unisys: Tel 0181 453

The connectivity company TeleAdapt launched its Standard Connectioo products in February 1995, for connecting to the office via a PC from any specified noo-UK country. TeleAdapt: tel. 0181 421 4444.

Network systems integrator Jaguar Communications supplies its Digidial range of ISDN products for teleworking com-panies, including LAN bridges, routers, and terminal adaptors. laguar: tel 01734 303681.

KNX, the ISDN and remote access specialist, this year launched its KNX-IS Primary Rate Access Server which can allocate ISDN connections up to 30 different locations. KNX Tel: 01943 467 007.

The report The New Age of Teleworking from Envisage outlines a minimum 'Simple Home Office' as consisting of PC, modem, fax-switch, telephone, answering machine. fax, and printer. There is an immense choice of PCs and software, as evidenced by any number of helpful monthly and weekly publications.

The exact combination of products depands on the nature of the joh. Cost tends to force a compromise.

If space is at a premium, laptop computers are worth considering, although they tend to

day and every day because of the size of the screen, and in some cases, a cramped keyboard, Multi-purpose smallfootprint peripherals, such as the fax/phone/copier/scanner machines now available from Oki, Canon and Rank Xerox. are another space-saving

Prices will surely go even lower if you wait, but Rule One of equipping yourself to work at bome is that whatever you huy, it will soon be out of date.

Look for self-explanatory software, and make sure of good support and technical heip when things go wrong. In the UK, a great deal of advice is available, much of it from British Telecom, and from government organisations - the Department of Employment conducts surveys and produces reports on teleworking, as does the Department of Trade and Industry.

There are several specialist consultants such as the Home Office Partnership, and national hodies include the Telecottage Association, and the National Association of Teleworkers.

Contact numbers for consultants, reports and associations include the following:

☐ The Telecottage Association, Wren Telecottage, Freepost CV2312, Kenilworth, Warwickshire, CV8 2RR (no stomp required inside the UK); or ask for toll-free tel 0800 616 008 and ask for Telecottage Association membership form.

☐ Monagement Technology Associates (chairman, Horoce Mitchell, founder of the Telebusiness Club), tel 01252 812252

Ursula Hunos): tel. 0171 226 8411. ☐ Envisage: 'The New Age of Teleworking'; tel 0483 717 155. ☐ Home Office Partnership. tel 01223 421911.

☐ National Association of Teleworkers, NAT: tel 0404 47467. (The NAT runs n resource register, including corporate customers with a need for telework services).

☐ Alan Denbigh, ACRE, executive Director, Telecottage Association, (BT Teleworking Advisor), tel 0145 383 4874.

A long way from the rush of city life: sheepfarmer John Ruscoe with Distance is no problem

In the Orkneys, sheepfarmer John Ruscoe also designs main-

frame software "Sorry I wasn't here when yon called,"said John Ruscoe. "I was just pulling one of the

sheep out of the mud." An Orkneys sheepfarmer, Mr Ruscoe also designs mainframe software for CSD, the corporate systems division of the computer services com-

pany, ICL, writes Claire Good-Mr Ruscoe started teleworking in January 1987, moving to the Orkneys in May of that year, to fulfil his lifelong dream of becoming a farmer. He had been working for ICL since 1974, as a systems programmer at Kids-

edge of the UK Peak District. When ICL relocated its software design to Manchester, the journey to work took three bours out of his day there had to be a better way of using time, so I decided to investigate working at

grove in Staffordshire oo the

home," be explains.
"ICL's culture bad sushome-working since 1970, when married women with young childreo were encouraged to stay on line from bome, so that ICL could retain their skills."

Mr Ruscoe bought a cattle farm in the Orkneys, a favourite boliday destination. chosen because no farm in the Peak District was affordable. A novice at farming, he decided to keep his day job, and to work part-time. His software joh is the development of TPMSX, ICL's software for high-volume transaction processing under its VME mainframe operating

"I knew I'd never make a living at farming," he admits. We decided to increase the number of sheep to 250, get rid of the 28 cows, and I went back to full-time teleworking in 1990. A Manchester salary goes a long way in the Ork

He works on an ICL CX 386/25 PC, linked via a modem over a BT line.

"The main thing that improved communications between on-site people and myself was heing programmed with an internal telephone line," he says. He cites the benefits of tele-

working: "I like it for all the usual reasons: flexibility, no stress' travelling, aod another thing is that the social life takes a different outlook: it forces you to mix and meet, socialising with people outside your work sphere. But I still feel very much part of CSD. We're using electronic mail extensively to stay in touch: distance make no difference."

The Orkneys, he points out are something of a botbed of teleworkers. Eocouraged by funding from the European Community, (for which the Orkneys is an ideal model of rural enterprise), the High lands and Islands Enterprise Board has been quick to capi talise on being the first in the UK to get ISDN lines.

"They think nothing of using electronic whiteboards schools here." he says, "It just has to hannen in areas like this, where your neares neighbour is 15 miles away."

Whatever computer home-hased working, plus a range of easy-to-use windows-

Claire Gooding echnology, eay the experts, should be no problem for the tele-

worker these days. If anything, there is too much choice, and an increasing number of suppliers are targeting the SoHo (small office/home office) market with tailored products. The following list is a sample

recently with teleworking in

an excellent 'no-nonsanse guide to buying a computer' which explains all common terms and jargon. (Compaq is currently running a Londonbased test project for home workers and has co-operated with Rice Homes to build an estate of ready-networked bomes in Ashford, Kent). Details from Compag, on telephone 0181 332 3000.

tions company of High Wycombe, offers a complete package for the 'disenfransoftware at PC World in Brentford, Middlesex only needs occasional coonection to networks, and therefore needs some nursing and guidance through the connection.

Office in central London has a service for everyone from the sole trader to the corporate group; it consists of a single number that follows a person around, plus a personalised message service and secretarial and office services, from as little as £50 monthly. Virtual Office tel. 0171 917 2917.

magazine, advising on equipment, running costs and efficiency, run by busband-andtel. 0181 846 9244.

Tertio, the networking and

telephony specialist, launched its TACT computer telephooy product late in 1994, to automate routine tasks, especially those that can be performed remotely. Tertio can be coo-

modem, even private network

to be employed by high techincreasingly likely to be an

Generally, teleworking cuts costs for the employer and employee alike, reducing stress and overheads. It might not suit amhitious types: seeing and being seen at the office is still thought to be a pre-requisite for the higher echelons of

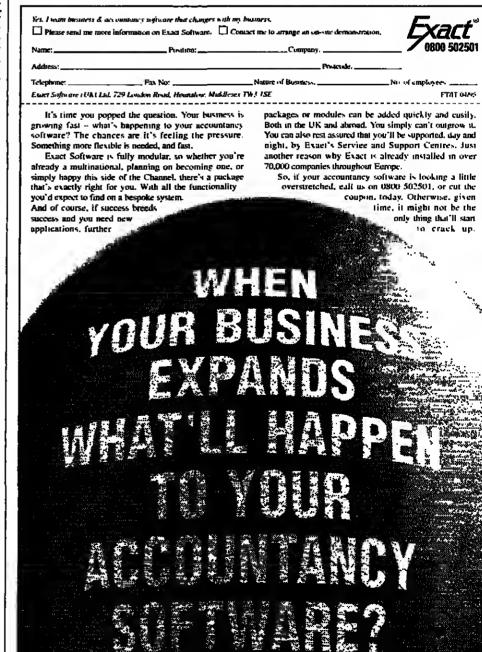
This is the view of Dr Ursula Huws, author of the 1993 survey for the UK Department of loyment - "the potentia for teleworking is greater than

choice, but not always) respon

in Britain has not changed to recognise the status of home based workers. The inland Rev enue can charge capital gains tax on the sale of a home, for instance, if one of its rooms is dedicated exclusively to office space. There is a threat that some people who use telecottages might be considered as employees of the telecottage rather than self-employed.

champion the teleworking cause. Vigorous campaigning is left to the computer and tele communications industry. For example, the networking technology company, Sinix Communicetions mounted e campaign in Pehruary to cut down on car mileage by making tele-

It wants to see a re-introduction of the 100 per cent firstyear tax allowance for capital equipment expenditure for teleworkers. Its argument is based on the 'Cars, Roads and Pollntion' paper by Horace Mitchell. adviser to the Department of



Cotting started A teleworker's check list

Ten pointers for home office workers

To be an effective teleworker. practical considerations go far beyond the purchase of a personal computer

Then setting up as a teleworker, there are other plenty of other points to consider beyond the hardware and software items for the home office, writes Claire Gooding.

Here are a few more considerations for the teleworker's check-list: ☐ Power supplies: in most of

stern Europe, we take electricity supplies for granted. But large areas of the world cannot, which cuts a large part of the planet's population out of the global information society, but gives a head start to the wired-up office. The UK is immune to the

serious earthquakes and natu-

ral disasters which have trig-

gered so many US-based home-

working schemes. But no-one

bas yet invented a foot-treddle

to work your PC when the lines have blown down in a It is wise also to invest in a ower surge protector: 'spikes' in electricity supply can cause loss of data, or put your com-

C Telephones. Although most people in the world is still without a phone, if you are teleworker you will probably need more than one phone to save confusion between domestic and business calls. If you are in the habit of typing in to the keyboard as you are talking on the phone. invest in a headset as well, to avoid hunched shoulders and repelitive strain injury. A calldisplay unit can be useful to screen incoming calls, as can an answering machine. Many people survive without a modem (discs can be posted) but cannot work without a fax machine or fax/phone. Software for sending faxes from your PC is also available. ISDN lines, if you wish to make the leap into the 1990s, will support videoconferencing and the sending of digital images.

☐ The printer. This is almost as baffling to choose as the computer, and equally unsuited for further detail here. Beer maintenance costs in mind toner, cleaning units, stationery, etc., for a laser printer quickly add up. Laser labels cost £18 or more a box, for example, and a new cleaner unit around £50. Call-out costs for an engineer make study of



Pioneering class: women trainees in the village of Hope, in the Derbyshire Peak District, learn to set up

the manual well worthwhile, so make sure instructions are in a recognisable language

☐ A way of delivering your work. It can be courier, postal service, or increasingly, via modem. The faster the modem, the chesper it will be to use (but probably more expensive to buy). Some modems now have fax facilities built-in. You will need a modern to benefit from electronic mail (such as Compusery) and the Internet. which can help with the next This brings us to 'the vir-

tual colleague.' Loneliness defeats many a freelance worker. Make sure there is someone you can turn to for a good rant occasionally (or even for a gloat), and put them on the first memory button of the phone. This should be a mutual service. Research has shown that low-skilled jobs (where the company is one of the incentives to work) are unsuitable for home-working, and can even be more stressful in isolation. Cerebral and intellectual jobs can benefit from peace and quiet, but few people thrive in isolation.

 Equipment security. Few home insurance policies cover computer equipment, so be sure to insure your equipment, and abide by the terms of the policy (such as window-locks on all ground-floor windows, double-locking doors, and so on). Some brokers offer commercial equipment cover: one policy underwritten by Commercial Union in the UK offers £7,500 of cover for as little as £120. An easy precaution is £5 or so spent on an ultra-violet marking pen, so that in the event of e burglary, the true owner can hopefully be identi-

fied - and police can return the kit if they recover it. Ground rules: Other family members may need guidance on your needs - the sanctity of the office territory, for example, or the use of the telephone (especially answering it to prospective clients). Agree

some phone calls are too important to interrupt unless the house is burning down. ☐ Training: good dealers offer support during the steep learning curve of installation: in the last resort, as the saying goes, look in the manual. It is easy to find specific training courses for particular software products, hut many people need more general education,

and a supportive network of

people to ring when the error

on a 'do not disturb' signal:

ages stop making sense. n Britain, teleworkers living near Bristol can profit from the Cyberskills Workshops run by the South Bristol Learning Network, and sponsored by the computer services company ICL, which include multimedia, video-conferencing, and one-to-one Internet

The Cyberskills idea is spreading, and workshops now take place all over Britain. A word about health, without which no-one can work at home or eway at an office. Teleworking can be very

sedentary, without the sprint for the train. Several people interviewed in the course of research mentioned how quickly the lack of exercise had a noticeable effect on general health. The home office environment: remember to include a

well-designed chair. Invest also

in an ergonomicalkeyboard.

if your feet are not on the floor) before you develop tingling fingers, aching wrists, and pains in the upper arms . symptoms of repetitive strain If you neglect to use correct

office furniture, you may need permanent health insurance and a good pension sooner than expected. As a self-employed teleworker, you are responsible for your own health. Some companies, such as Digital, send round annual questionnaires to their tele

The author Sara Lambert, in her report for the recent Forum Europe/IBM confer on Teleworking in Europe IBM describes the two sides of the teleworking coin with the familiar images of the relaxed home-worker enjoying tha view, and the frazzled mother. fending sticky toddler fingers off the keyboard. "At its best the teleworking phenomanon will revolutionise working patterns on a scale unknown since the industrial revolution" she

remarks. "But at its worst, teleworking is forced on employees by companies trying to cut costs. Ill-prepared and unprotected by welfare or health and safety law, teleworkere work all hours for less money and none of the perks of their salaried counterparts."

There is indeed a two-tier culture in teleworking, with often a great divide between employees and outside workers. In the matter of setting up to work at home, the most privileged are those employed by large organisations with 'flexible working' policies. They do not have to think about equipping themselves:

nology companies, such as IBM, Digital, Hewlett-Packard, Cable & Wireless, BT or Mercury, working at bome is option.

actuality," she says, "The technology is there, but the main problem is that managers do not like to manage people they cannot see. Dr Huws believes she is the

originator of the word "teleregrets as it summons up some misleading images, and obscures so many social issues.

sible for their own National Insurance and pension contrihutions. As self-employed workers they receive few or no benefits (such as maternity leave), and they are exclud from other rights enshrined hy European Community policy · an ironic situation, when the EC is so keen to promote tele orking within Europe. The social and tax structure

There is no single union to

working more ettractive.

20 IT risk management

Current systems with risk management functionality

_	Strengths	Weaknesses	Solution providers	
Product processors	Strong for individual products, good intra-day	Narrow view of the world, trade orientated analytics, mostly market tisk only	FNX, C-ATS, BARRA. DEVON, Renaissance	
Management Information systems - type applications	Reconcilable financiels, regulatory compliance, dan model balance sheet	Batch cycles, limited pro- duct-specific functionality, market or credit risk only	RMT, Tressury Services, IPS, Sendero	
integrated banking packages	Internally reconcilable, include many products	Inadequate risk menagement enalytics	Hogan, Kapiti, Internet, ACT	
In-house risk management Built to bank specifications, solutions		Flard to maintain, expensive, piscement	Banks: Bankers Trust, Citibank, Chemical Ben NatWest, et al	
3rd party risk management solutions	Stronger technology, cheeper, multi-product, can be customised	Shallower analytics, unpro- ven in merket, etili inade- quata to meet banks' needs	HP/ACT Financial, SSI, Algorithmics, Intelcom	
Source: The Tower Group				

Key aspects of risk management practices at banks

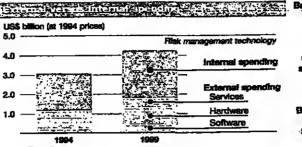
Leaders	Yes-multiple	Attempting enterprise-wide	some to product		timit allocation , abilities
Followers	Yes-credit market sometimes	Branch by branch, whole picture may be aggregated manually	By essett category as required by regulations	Sometimes	Basic limit setting, generally well used, but not complete
Laggards	Credit policy only	Not aggregated beyond business unit	By asset category as required by	Not done	Inadequate fimit definitions

Source: The Tower Group

Most banks have some form of systems support for long-term market risk management planning. However, even at the most sophisticated banks, current market risk management systems are usually not integrated with other risk functions including credit risk, and only a tew banks have made any rural progress towards actively managing operational risk, writes Paul Taylor.

intra-day market risk analysis and portfolio management is usually the respons unar-cay market risk analysis and portrollo management is usually the responsibility of local office managements. Some banks are now using sophisticated applications for this purpose capable of modeling the effect of transactions on the entire branch's portfolio. These systems are increasingly being used by what is being termed the middle office which acts as an intermediary for dealing room and operations, ansuring that trade details are complete and correctly entered, assisting with pricing analysis and performing risk management and hedging for individual transactions.

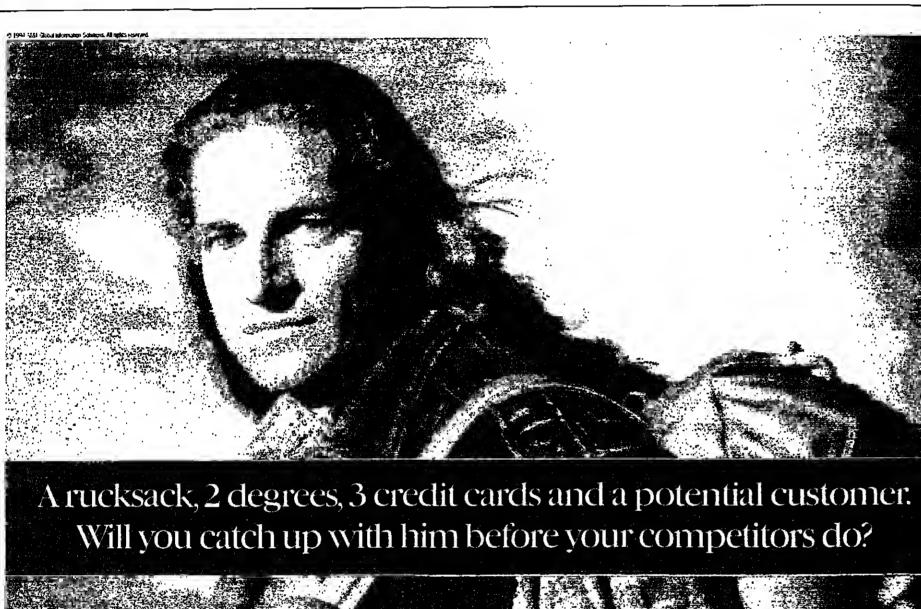


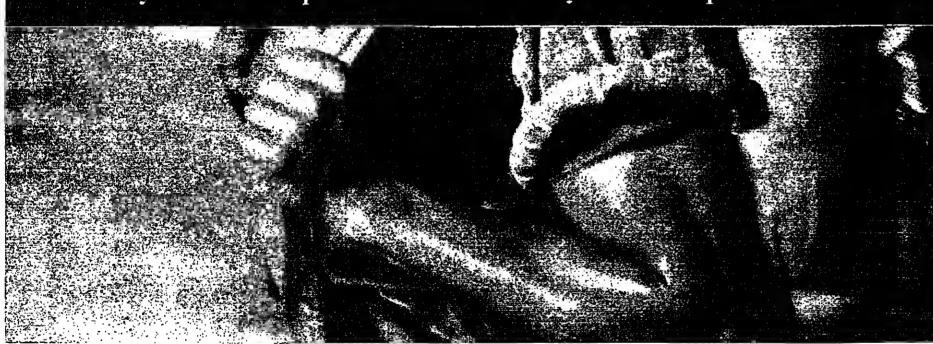


ed, right, is a voice and market data trac felelars. in the stee of global risk m systems provide banks with an on-line con-ed picture of financial risk across all traded









If you judge by appearances or only have a superficial knowledge of your customers, how can you really provide them with what they want?

sales and marketing. product development and distribution people have access to the right type of customer information, their ability to outpace the competition can increase by as much as 1,000% according to a Harvard Business Review article.

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To find out more, call the Global Information Solutions Customer Enquiry Centre on 0171-725 8989.

Bringing computing and communications together to belp you get, move and use information.



The next issue of the IT Review will be published on Wednesday May 3, 1995. Our regular four-section format will be adopted - a main focus, a software theme, an update on facilities manage-ment and a 'directions' section, as explained in the announcement on page two of this issue. Subsequent reviews will appear on the first Wednesday of the month.

Here, in brief is a summary of the four main sections planned for the May Issue of FT-IT review:

Mobile Computing - sales of notebook and other lightweight. portable computers continue to grow more quickly than those of any other segment of the computer market. As a result, portable PCs are now an integral part of the IT strategies of many companies and other organisations.

The notebook and sub-notebook PC. Docking stations and Lan cards. Hand-held PCs and personal digital assistants, PDAs The rugged hand-held computer.

PC cards; 'add-on' peripherals. ... Pen technology. . Screen development.

Evolution of battery technology.

Hard-wired modems.

Radio communications. menunications and workgroup s

Software at Work - Financial Consolidation and Integration. Users of integrated accounting systems have begun to tackle problems beyond their own shores. Many are looking to 'globali-sation,' the standardisation on a particular package as the answer to running several national offices of an international organisation.

IT Outsourcing and facilities management: a monthly update.

Directions

Voice technology - The market for voice technology applications is growing fast as touch-tone telephones become the norm. Key, Voice response and recognition. Telephony and the mobile worker.

Other regular features will include: IT Update: a round-up and analysis of significant events in the

View from the Top: an interview with one of the industry's most ...

Focus on Networking

Focus: Computers in Finance Software: Human Rescources

Facilities management: monthly update Directions: Rapid Application Development

Focus: Technology in the Office Software: Enterprise Intelligence Facilities Management: monthly update Directions: Rapid Application Development

Focus: Computers in retailing Software: Logistics and Distribution Facilities Management: monthly update Directions: Geographical Information Systems

Focus: Computers in Design and Manufacturing Software: Sales and Marketing Facilities Management: monthly update

For a full synopsis and details of topics to be covered in the con-ing months, telephone Simon Larter or Dalsy Veerrasingham, FL Advertising Department, London, on +44(0):171-873-4129-35x + 44(0):171-873-3662, or write to the address below.

Editorial background information for consideration for future. issues can be sent to the Production Editor, IT Review FT Surveys Department.

Financial Times Number One Southwark Bridge



FINANCIAL TIMES

COMPANIES & MARKETS

Wednesday April 5 1995 MBOs, MBIS DEVELOPMENT CAPITAL EXPANSION £1-200



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Apple's PC head set to resign

Appla Computer is expected to announce a broad reorganisation of its operations and the resignation of one of its top executives, as the company strug-gles to maintain its momentum in the personal computer market. Page 18

La Générale net profits grow 27% Société Genérale de Belgique, the diversified Belgian holding company, increased net profits 27 per cent to BFr11.01hn (\$390m) in 1994. Page 16

Bremen set to sell stake in energy arm The city state of Bremen, Germany's smallest and poorest state, said it would sell a 49.9 per cent stake m its municipal energy distribution company, or Stadtwerke, for DM684m (\$498m). Page 20

Bertelsmann sees further gains Bertelsmann, the German media and publishing group, expects a "substantial" increase in profits for the year with a 9 per cent rise in sales to DM20hn (\$14.6hn). Page 16

Hypo-Bank beats rivals with 7.4% rise Bayerische Hypotheken-und Wechsel-Bank reported the best performance of the leading German banks, with annual group operating profits up 7.4 per cent to DM1.1bn (\$803m) in 1994. Page 16

Siovakia reins in investment funds The government of Slovakia is planning to curb the influence of the country's investment funds, which are the main investors in private industry, before a round of mass privatisation, tentatively scheduled

Murdoch arm in airline talks Mr Ken Cowley, chief executive of News Limited. the Australian newspaper arm of Mr Rupert Murdocb's News Corporation media group, is to meet federal government representatives for talks about

the future of Ansett, the Australian airline in which

News bas a 50 per cent interest. Page 19

San Miguel pours pesos into Asia San Miguel, the Philippine beer and soft drinks company, has earmarked 40bn pesos (\$1.5bn) for capital expenditure between 1995 and 1997 to bolster its share of the Asian beer market, Page 19

US expansion for Slebe Siebe, the UK controls group, announced a big expansion in North America with the acquisition of its first US fluid systems husiness and a compressor manufacturer. Page 21

Amersham sells Hy-Lite to E Merck Amersham International, the UK health science group, has sold its environmental assessment division to E Merck, the German pharmaceuticals and chemicals group, for more than £5.5m (\$6.8m).

Pilkington pays out to resolve dispute Pilkington, the UK glass manufacturer, is to pay US rival PPC Industries \$50m as part of an agreement to end a 10-year legal dispute between the two companies. Page 22

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Reichmann and Soros freeze Mexican plans

and Leslie Crawford in Mexico City

© THE FINANCIAL TIMES LIMITED 1995

Mexico's economic difficulties have dealt a sharp setback to Mr Paul Reichmann's bopes of rebuilding his fortune and reputation from the ashes of Olympia & York, the family controlled cumpany which spearheaded London's Canary Wharf and other high-profile property developments in the 1980s.

Reichmanu International, a company owned by the Reichmanns and Mr George Soros, the US financier, has frozen \$1.25bn of property developments in Mexico City which was to include the country's tallest building. Staff have been laid off in Mexico City, and the head office in Torouto has shrmik by one tlurd.

One former employee said Mr Reichmann "certainly expected [the troubles in Mexico] to be of shorter duration than they will be". The company would not say how much it had already invested in Mexico, but top-dollar locations on the Reforma Boule-vard, where Reichmann International recently acquired a 6,280 sq m site, fetched as much as \$4.000 per sq m before the finan-cial crisis which began with the devaluation of the peso,

Reichmann International also owns 82.000 sq m of land in the new Santa Fe business district. where it had planned to develop

a 30-building project in partnership with ICA. Mexico's largest construction company. It had also planned to redevelop an area of downtown Mexico City which was badly damaged in the 1985 eartbqnake.

Mr Jorge Machado, Reichmann International's financial director in Mexico, said: "The projects will go ahead, if at a slower pace, because the land has been bought and it is not feasible to sell it."

The Mexico joint venture is separate from the Quantum Realty Fund, an property investment fund in which Mr Reichmann and Mr Soros are also partners. Mr Soros has invested in the Mexico projects in his personal capacity. The Reichmann and Soros

camps are understood to disagree over future funding of the Mexico City projects. However, Mr Vernon Schwartz, chief executive of New York-based Reichmann International LP, which acts as adviser to the Quantum fund, said yesterday both partnerships were "still intact". The peso devaluation has hit

the Mexican projects on several fronts: targeted clients - multinationals and foreign banks - bave put their own investment deci-sions on hold until Mexico's financial outlook becomes clearer.

Relchmann planned to fund about 50 per cent of the projects with local capital, but with inter- with its creditors.

est rates soaring above 90 per cent, local financing has become prohibitive. Mexican hanks have frecen practically all new credit particularly in high-risk ventures such as property. Office rents have also fallen in dollar terms. as the recession has hurt demand.

"Instead of huilding ou a speculative basis, abrad of nemand, our activities will now be marketdriven." Mr Machado said. Before the crisis, our planning horizon was four to eight years. Now we are looking at the far end of that time-frame."

The Santa Fe project, conceived as a "state-of-the-art" urban development, with shopping malls, sophisticated office blocks and residential complexes will now be built on an incremen-

ICA was also interested in joining Reichmann to build the 32storey tower block on Reforma Boulevard. The building was described by Mr Reichmann last year as "a landmark that will rival those anywhere in the

O&Y was the world's biggest property developer before it collapsed in May 1992. The Reichmanns retain a 20 per cent stake in O&Y's US subsidiary. The US operation, whose flagship is the World Financial Centre in lower Manhattan, is trying to reach a debt restructuring agreement

UK bus groups to merge



Double-decker: Trevor Smallwood (left), chairman of Badgerline, and Moir Lockbead, chairman of GRT, announced a merger that will create the UK's second-largest bus company. Story and Lex. Page 21

Rudloff in Moscow securities venture and John Thomhill in Moscow Mr Hans-Jörg Rudloff, the

banker who built the modern euromarkets in the 1980s and led investment bank CS First Boston into eastern Europe, is setting up bis own securities bouse in Moscow.
MC. the securities firm which

Mr Rudloff formed last year after leaving the CS group, is expected ture in the Russian capital.

MC and its Swiss backers will take a 45 per cent stake in United City Bank, which will have paid in capital of \$20m. The Russian partner with 55 per cent is Sintez Corporation, a Russian oil, transport and banking conglomerate.

Mr Rudloff said he aimed to create "one of the major investment banks domestically in Russia". United City Bank will rival CSFB, which is believed to trade as much Russian equity as all other brokers put together, MC expects the joint venture to employ about 65 staff within three months, the same number as at CSFB in Moscow, Moscow would be the MC group's largest office outside its London beadquarters.

While CSFB has mainly traded equities. United City Bank will also engage in sales and trading of fixed-income products such as bonds, corporate finance and asset management. It will focus on sectors in which Sintez bas expertise and western interest: oil. gas and mining. MC is moving into a poten-

tially lucrative market, which gave CSFB revenues of about \$100m last year. Its move comes after political and market turmoll caused investment banks such as Goldman Sachs of the US to move out of Moscow last autumn.

Mr Rudloff was head of CSFB in Enrope until 1993 when he was replaced as part of a reorfor United City Bank's securities operations, was head of equity at First Boston.

The formation of the Moscow joint venture is the most signifi-cant move by MC since Mr Rudloff formed it last year with \$75m in capital and the backing of Banque Bruxelles Lambert of Belgium. Mr Rudloff and other partners own 35 per cent of the company. BBL bas 29 per cent. and the remainder is divided among institutional investors.

ING says Barings probe taking too

By John Gapper and Nicholas Denton in London

Mr Hessel Lindenbergh, a senior director of Internationale Nederlanden Group, the Dutch bank, yesterday criticised the Bank of England for taking too loag to complete its inquiry into the collapse of the merchant bank Barings.

Mr Lindenbergh, the ING director in charge of investment banking, said that unless the Bank produced initial findings hy the end of this month, ING might start to dismiss the Barlags executives it His comments are the clearest indication

yet of ING's discomfort at criticism that most Barings executives remain in place despite its collapse two months ago from losses huilt up by Mr Nick Leeson, a Singapore-based trader. Mr Lindenbergh, in an interview with

the Financial Times, said ING's attempt to relaunch Barings operations was being hindered by uncertainty over which executives would remain at Barings following the Bank's inquiry.

His comments follow Monday's resignations of Mr Peter Baring and Mr Andrew Tuckey, the former chairman and deputy chairman of Barings. He said it was "right that at least the top management should take responsibility".

Mr Lindenbergh said he would seek a meeting with senior Bank officials this week to express his concern at the time the inquiry is taking. He would call for ING to be shown its initial findings by the end of this month.

Mr Eddie George, the Bank of England governor, said last week that its board of banking supervision expected to have completed the first stage of the inquiry end of May.
Mr Lindenbergh said he had "felt sur-

prised" when he read Mr George's comments. ING had originally believed that Barings executives should be innocent until proven guilty, hut "you cannot want for six months to see who is guilty". He said that "with hindsight" it might

not have retained all executives if it had known the timing of the inquiry. The Bank had not indicated that LNG's original request for it to be completed within a month was unreasonable. executives they were dealing wilb may not stay in place. "Outsiders are asking our

timetable, or Mr Lindenbergh's comments, Mr Lindenbergh said the Bank had pro-vided a list of 20 Barings executives to be interviewed. He believed up to 40 executives could be questioned, although be hoped the number losing their jobs would

be far smaller.

He also indicated that Mr Ron Baker, the former head of the Barings financial products group which was responsible for derivatives trading, was likely to be one of the Barings executives who would eventually lose their jobs.

Mr Lindenbergh said it was "my firm elief that maybe be was not actively involved, but the first line responsibility was within his group". He said he was "afraid" that Mr Baker would not remain employed by ING and Barings.

Mr Baker said afterwards that "at ING and Barings' request, and command. I am not able to comment on anything [Mr Lindenhergh] said." Mr Baker has been relieved of management responsibilities by

ING. but remains employed. Mr Lindenbergh said clients had been unsettled by the possibility that Barings going to be here three weeks from now'. Are you on the list!" he says. With or without the Bank's belp. DiG must decide whom to dismiss. "Preferably, it will be the smallest group possible, but we have got to make it clear to our staff and customers that the people with Barings today will be there for years-to come." ING's first concrete restructuring of the

staff in really quite a direct way: 'Are you

business will be the implementation of a new "market co-ordination" committee to oversee its trading and risk management. gamisation, He took several exec-ING also intends to introduce clearer utives with him to MC. Mr Luis

Mr Lindenbergh said D/G intended to keep all parts of Barings' activities, not

just the emerging markets securities broking and primary activities which attracted It most. ING would expand the former Baring Brothers corporate finance busi-ness in the Netherlands and Europe. @ Baring Securities, the hroking arm, is expected to announce its first senior

recruit since the collapse. It has appointed Mr Robert Davies, formerly of Smith New Court, as global resources analyst. Germany unlikely to oppose Leeson extradition to Singapore. Page 9

Barry Riley

Politics upsets the UK Treasury's sales pitch

anyway) bas not yet brought great rewards for the British government in terms of lower borrowing costs. So far this year. yields on gilt-edged have dropped less than on government bonds in the US, Germany, and Japan. The best that can be said is that the UK bas moved away from the fringe Europe camp -Italy, Spain and Sweden - where

debt restructuring.
In further pursuit of sound finance, Her Majesty's Treasury has now produced a novel document called a Debt Management Report. This forms part of its plans to move in the direction of a "predictable and transparent"

yields remain at 12 or 13 per cent. and junk hond fund managers

make complex calculations about

issuance policy for gilts. The report, like most sales brochures, tells a positive story. with gilt sales in the financial year starting tomorrow expected to fall from £29hn to £23hn (\$36.Shn) (compared With the massive figure of almost £50bn in 1993-94).

Unfortunetely for the Treasury. those tiresome politicians over the road are doing their best to spoil things. Tory backbenchers, growing increasingly panicky about the prospects for the next general election, have been demanding commitments to tax cuts before the last round of tax rises has even taken effect. Lahour would prefer to raise spending rather than cut taxes. but neither party is offering much comfort to bond investors. How much better for deht man-

agers it would be if the parties

were bickering instead about bal-

anced budgets, reduced nebt bur-

marginal seats on such considerations. Meanwhile the local elections, the Scott Report and other challenges loom for the government.
You would think that these

problems of debt versus democracy would be felt more keenly in countries such as France where, paradoxically, 10-year hond yields are 60 hasis points lower than in the UK. But the UK's bostility to the European single currency bas imposed a risk premium. Sterling is drifting without any anchor that international investors can recognise.

There has been a desertion of the gilt new issue market by foreigners and banks

No amount of fussing about transparent funding timetables or open repo markets is going to make much difference here. though the Treasury has persuaded itself that a reduction of 10 basis points in its borrowing cost would eventually save the taxpayer £250m a year. How much, on that reasoning, is then, no red blooded votechaser sets an upper limit to the cash cost of maintaining the uation's

sterling bond yields, as measured

only slightly - much less than appears to have happened in either Germany or the US, despite wildly different currency trends in those countries. There has been a desertion of

the gilt new issue market by foreigners and banks, two groups which together bought £25bn worth in 1993-94 hut bave been small net sellers over the past year. So the market has been dominated by domestic savings institutions. who seem to want bigher yields than their counternarts in several other countries. No wonder the Treasury seeks more participation by foreigners - who still own about 15 per cent of the gilts in issue.

this year, and the implied long-term inflation expectation of

about 4.5 per cent bas dropped

This pattern of buying and selling may help explain the curious and persistent hump in the yield curve: the foreigners have been selling mediums while the domestic pension funds and life offices have been attempting to huy longs at a time when the average maturity of conventional gilts has been declining (from 9.2 to 9.0 years during 1994-95).

The Treasury now promises a more halanced maturity profile for new issues, but the financial year's first two auctions will be hump-hoosters at 5 and 10

Meanwhile sterling bond yields remain nearly 50 basis points Euroscepticism costing? But higher than on Belgian government debt (a Brussels mountain which is equivalent to 136 per cent of GDP, against 47 per cent for the UK). The UK Treasury Can the cost come down? Real must think there is no justice. and history will probably show dens and long-term targets for by index-linked gilts. have that there isn't.

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<u>MORSE</u>

INTERNATIONAL COMPANIES AND FINANCE

La Générale raises earnings 27%

By Lionel Barber

Société Générale de Belgique, the diversified Belgian bolding company, increased net profits 27 per cent to BFr11.01bn (\$390m) in 1994 compared with BFr8.68bn in the previous year. The group expects to at least equal the result this year.

Mr Etienne Davignon, group president, said all sbareholdings made an increased contribution to the earnings, with strong performances from Tractebel, the Belgian energy About 56 per cent of the

Lenzing back

in black after

two years

group's shareholdings are in the service sector. Mr Davignon confirmed that the group bas an BFr18bn casb mountain, partly due to dispos-

However, he insisted that La Générale intended to stick with its present investments, includ ing Accor, the troubled French botels group in which it holds a 12.2 per cent stake.

Last year, the group's indus trial companies, Union Minière and Recticel, benefited from an improvement in their markets, and internal restructuring. La Générale has reduced its holding in Union Minière to iust

over 50 per cent, and the mining company sold its US zinc operations at a profit.

Looking to the future. La Générale is setting much store by its new investment in gem, the electronics group. By the end of tha year, it intends to raise its stake to 20 per cent from 17 per cent.

The group intends to use Sagem and other vehicles for greater expansion overseas, with Generale Bank eveing a move into China from its Hong Kong operation.

In 1994, the group's disposals were BFr17bn wbile invest-ments totalled BFr18bn and

were roughly in balance. Its stake in Union Minière has fallen to 50.1 per cent from 84 per cent with industrial companies accounting for 25 per cent of the group's shareholdings. La Générale's consolidated

earnings on ordinary activities were up 41 per cent in 1994. The group will propose a divi-dend of BFr85 on its ordinary sbares and BFr99.15 on its other class of shares.

This would mean a total dividend payout of BFr8.08bn, compared with BFr7.09bn previously, taking into account the bonus shares issued last

Schindler issues profits warning

By Ian Rodger

By lan Rodger in Vienna Lenzing, the world's largest viscose fibre maker, reported consolidated aonual income of Sch304.6m (\$30.9m) in 1994 after two years of losses, and forecast sustained profitability this year.

The directors recommended a doubling of the dividend to said vesterday. Sch10 per share. Mr Heinrich Stepniczka, chief executive, played down speculation that Bank Austria

stock exchange.

He said it was "not realistic" to believe the European Unioo would approve such a sale. Lenzing and Courtaulds domi-Schindler said net income nate the rayon business in

Lenzing said its sales were down 3.5 per cent last year to Sch8.4bn, mainly due to divestment of two subsidiaries. Pre-tax profit soared 78 per cent to Sch305.1m, due largely to cost-cutting and the sale of a

would sell its 33 per cent stake

in Lenzing to Courtaulds of the

loss-making filament subsid-Textile fibre consumption developed positively last year. and viscose staple fibre production declined because of lower output in eastern Europe and

The group's performance in the first quarter of 1995 was above that in the same period of last year, but it warned that the decline of the dollar and the Italian lira against the schilling gave competitors an Schindler, the world's second

largest manufacturer of elevators and escalators, forecast lower profits for the current year due to price pressures in building construction markets. "For reasons of currency interest rates and price devel opments, we expect a lower group net profit in 1995," Mr Alfred Sporti, finance director.

The news sent the group's bearer shares tumbling 8.2 per cent to SFr6.975 on the Zurich

Mr Alfred Schindler, chief executive, said the group's volumes were up in the first quarter, but prices fell substan-tially. Mr Schindler said be saw no risk of a dividend cut.

fell 8 per cent last year to SFr155.1m (\$138.5m), mainly because of lower financial income on its SFr1.08bn in liguid assets. Operating profit advanced 15.9 per cent to SFr174.5m on revenues up 5.4 per cent to SFr4.7bn.

New orders were up 11.1 per cent to SFr4.9bn. Elevator and escalator orders rose 9.1 per cent to SFr4.2bn. rolling stock orders were up 24.4 per cent to SFr291m and orders in the Also computer services subsidiary jumped 25.6 per cent to Schindler aaid Asia-Pacific

markets for elevators and escalators were growing, but competition was intense The US market improved slightly at a low price level,

and European markets remained stagnant. The improvement in the consoli dated operating margin, to 3.7 per cent from 3.3 per cent, was attributed to enhanced competttiveness

Mr Sporri said the group had re-examined its strategic position given the current insufficient profit margins. It concluded that its products were bighly competitive, and that the best course was to persist with its policies of global presence and internal growth. He said the current year was

a crucial one for the rolling stock subsidiary, which was awaiting orders from the Swiss federal railways.

Mr Schindler said he would become board chairman at the annual meeting and that be, Mr Sporri and Mr Luc Bonnard would form an executive com-

Mercedes cuts purchasing costs

Motor Industry Correspondent

Mercedes-Benz, the German car and commercial vehicle maker, said yesterday its pur-

chasing costs for components and materials would be cut by DM3.5bn (\$2.5bn) during Mr Manfred Remmel, purchasing and production direc-

DM1.5bn last year as part of a collaborative effort launched with its suppliers in 1993. Costs would be reduced by a

tive subsidiary of Dalmlerneering group, has been restructured in the past two years after it plunged to a net loss of DM1.19bn in 1993,

tor for Mercedes-Benz's car division, said the group's pur-chasing costs had been cut by to profit this year. As part of the restructuring

further DM1bn this year.

The company, the automo-Benz, the leading German engi-

It rebounded strongly into profit last year, belped by the recovery of its car operations. Mr Helmut Werner, Mercedes-Benz chief executive, has forecast that its commercial vehicle division would return

it set up its Tandem project with suppliers to cut purchasing costs. Mr Remmel said Mercedes-Benz had removed "a

Share

large part of its cost disadvantage versus its competitors in the US and in Japan".

About 30 per cent of the cost reductions had been achieved by its suppliers with 70 per rent from its own plants.

Mercedes-Benz had a pur chasing bill of more than DM32bn for materials, components, plant and equipment and services last year compared with DM30.7bn in 1993, The rise was due to increased output.

German groups supplied goods and services worth about DM27bn last year compared with DM26.4bn a year

Warrant

Hypo-Bank beats rivals with 7.4% annual rise

By Andrew Fisher in Frankfurt

Bayerische Hypotheken-und Wechsel-Bank yesterday reported the best performance of the leading German banks, with annual group operating vesterday. profits np 7.4 per cent to DM1.1bn (\$803m) in 1994.

Mr Eberhard Martini, chair man, said the bank hoped for an "acceptable" result in 1995, though this would not be a peak year. Like Bayerische Vereins

bank, its Bavarian rival, it benefited from a strong mortgage business, though this is slackening. Interest income rose 13 per cent to DM4.1bm and Hypo-Bank cut risk provi-sions 25 per cent to DM864m. BHF-Bank also posted

improved results yesterday. The bank is restructuring to improve profitability and effectiveness as an advisory. trading and asset management bank. Its operating profits were up 7.6 per cent to

However, both banks suffered from weak bond markets and followed others in reporting a deterioration in own-account trading. Hypo-Bank made a DM117m loss in trading on its own account after a DM251m profit the previous year. BHF-Bank's own-account trading profit fell 87 per cent

Hypo-Bank said its interest margin improved in its mortgage business, although it was unchanged over the range of its banking husiness. On the commission side, profits were affected by weak securities markets and fell 5 per ceot to DM865m. Net tocome was down 2 per cent to DM518m.

At BHF-Bank, partial operating profits (which reflect basic lending and fee business without own-account trading) were 26 per cent higher at DM467m. Interest income was 20 per ceot higher at DM742m as a result of increased credit volume and improved margins. But commission profits were only 1.6 per cent bigher at DM357m, Mr Wolfgang Strutz, bead of BHF-Bank, said the first two months of of this year showed that "1995 will not be an easy banking year".

Bertelsmann sees further gains after strong midterm The rise in profits and turn

By Judy Dempsey in Bonn

Bertelsmann, the German media and publishing group, expects a "subatantial" increase in profits for the year with a 9 per cent rise in sales to DM20bn (\$14.6bn), according to a half-year statement issued

Sales for the first half of the trading year to last December, rose 11 per cent to DM10bn compared with the same period year ago. Foreign activities accounted for DM6.8bn, an increase of 15.9 per cent, while domestic sales rose 5.3 per cent

Profits over the same period rose 7 per cent. The group's total profits after tax in the previous year totalled DM750m. "The indications suggest that Bertelsmann's profits could tip DM800m," an analyst

said, although the company would not confirm this. Bertelsmann is the world's second largest publishing group. The sharp increase in sales was partly due to a spate of acquisitions in recent months. These include the seven magazines of the New Tork Times group, as well as the Italian-owned Ricordi music/recording

The entertainments division Bertelamann, which includes music and recording labels, rose 13.6 per cent to DM3.4bn. Gruner+Jabr. Bertelsmann's newspaper and publishing division, reported a rise in sales of 13 per cent to DM2.2bn: This comes at a time when German newspapers and the media industry are under pressure to attract advertising and readership as more titles

over has been coupled with an increase in investments as Portelemann enters the multi media business and expands into the film industry, investments from July to December totalled DM1.3bn compared with DM418m over the previous six months.
In spite of the high level of investments and acquisitions analysts said Bertelsmann may

be interested in a stake in MCA, the US entertainment business owned by Matsushita of Japan, the world's largest consumer electronics company Rertelsmann may try to expand its publishing division Earlier this week, there were reports that Macmillan, the UK's largest independent pub-lisher, might be considering a trade sale, with Bertelsmann a

come onto the market. Fininvest unit may float minority stake

By Andrew Hill in Milan

A minority atake in the insurance and financial ser-vices operations of Fininvest, Mr Silvio Berlusconi's private business empire, could be floated on the Italian stock exchange next year, according to the companies' main minor-

Mr Ennio Doris, who owns large minority stakes in a number of the Fininyest financial anbsidiaries, said yesterday be had agreed with Mr Berlusconi to set up a new vehicle for the financial interests, Initially, Fintre, Mr Doris' company, would own half this new vehicle and Fininvest would own the rest.

"The aim is precise: to set up by the end of this year a company which owns 100 per cent of these activities, and then to place a minority stake on the market next year," be said. Fininvest and Fintre would hold equal stakes even after such a placing, he added. Mr Berlusconi, media mag-

nate and former Italian prime minister, has been seeking ways to distance himself from parts of his empire, to avoid accusations of a conflict of

interest. Main attention has focused on his media interests, which include three national television channels, but it would probably be easier to sell off the profitable financial services operations.

Mr Doris said S. G. Warburg would be asked to advise on the eventual sale of a minority stake in the financial services group, which last year recorded an operating profit of L175bn (\$101m), against L163bn in 1993. Turnover rose to L1,192bn, compared with L981bn a year earlier.

Comparatively: few financial services operations are quoted on the Italian stock market. Last year Mr Carlo De Benedetti floated Finanza & Futuro, a financial services group, but the sale attracted limited interest from small investors. Mr. Doris said yesterday he believed the Fininvest operations would be more attractive because of the weighting towards life insur-

ance activities. Mr Doris has a 24 per cent stake in Fininyest Italia, the main vehicle for the financial services businesses, and minority stakes in a number of other subsidiaries.

Danish bank expects to recover in 1995

By Hilary Barnes in Copenhagen

potential buyer.

Bikuben, the savings bank which made a DKrl.3bo (\$239.4m) loss in 1994, expects to make a strong recovery this year, Mr Aage Spang-Hansen the supervisory board chairman, told the annual meeting of shareholders yesterday, Denmark's third ranking-bank with assets of about DKr85bn, is responding to plans to improve core earnings (before unrealised capital gains or losses on the securities portfolio) by cutting costs and refo-

cusing activities. Earnings would increase by about DKr200m to DKr550m in 1995, Mr. Spang-Hansen said The bank's aim is to lift core earnings to DKr750m by 1997. The cost-cutting includes a reduction in the workforce by

600 to 4,300 this year. The savings bank's accounts were burdened by large bad loss provisions in 1993 and 1994, and although they came down to DKr1.02bn in 1994 from DKr1.69bn in the previous year, the level of provisions was still just over 2 per cent of loans and guarantees.

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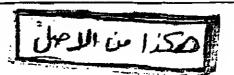
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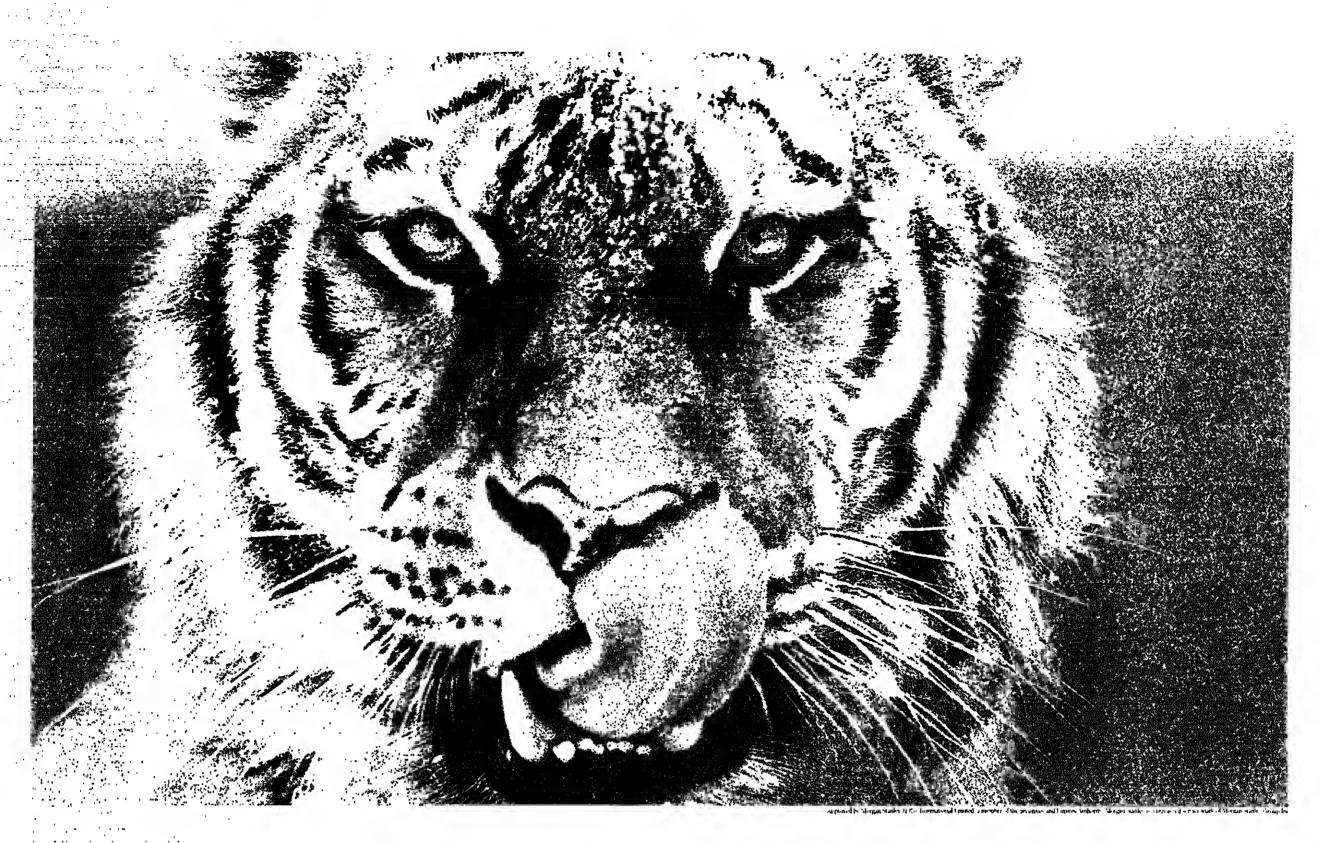
FINANCIAL TIMES WEDNESDAY APRIL 5 1995 *

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You want to attract a world of investors — but only of a certain stripe.

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You're now confident your privatisation will succeed. Because it is attracting a core group of investors who possess that one most important attribute.

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INTERNATIONAL COMPANIES AND FINANCE

pattern.

faced with a 40 per cent fall in

profits, the first decline in the

company's history. More seriously, Mr Suard will not be

A magistrate investigating

allegations of corruption by the chairman has barred him

from exercising his functions

at the transport, telecoms and

engineering group, built by Mr Suard into France's second big-

Such a radical change

reflects the turmoil which has

engulfed Alcatel over the past

More is likely to follow. By a

quirk of the calendar, a Paris

court weighing an appeal by Mr Suard will also start its

Unless it completely rejects

tbe sanctions against Mr Suard, which stem from allega-

tions of fraud and overbilling

of France Télécom, further

The critical questions are

As one investor puts it:

What matters now is not how

For some observers, this

involves replacing Mr Suard.

"To stop the decline and to

restore confidence it is neces-

sary to name a new chairman"

says Mr Elie Cohen, director of

Mnch depends on the appeal

court's decision. Its members

have three options; to maintain

the magistrate's ruling, to

relax the terms of the injunc-

tion, allowing Mr Suard to

return to work; or to reject the

probes and the sanctions against Mr Suard.

In all but the last case, pres-

the CNRS research institute.

Alcatel got into this situation,

but how it gets out. The soone the problems are resolved, the

hearings this morning.

upheaval lies ahead.

gest industrial concern.

18 months.

Head of Apple's PC unit set to resign in shake-up

Apple Computer is expected to announce a broad reorganisation of its operations and the executives, as the company struggles to maintain its momentum in the personal computer market.

Mr Ian Diary, Apple's number two executive, in charge of the company's per-sonal computer hardware division which represents the lion's share of Apple's revenues, has resigned, according to company insiders. Apple said it had "nothing to

announce" and declined further comment. The company is, however, expected to onveil its new structure later this

Apple will adopt a "func-

By Robert Gibbens in Montreal

Power Financial, the financial

services arm of Power Corp of

Canada, posted a 35 per cent

rise in profits in the last quarter of 1994, mainly because of strength in its life insurance

unit, Great-West Lifeco. Total consolidated revenues

rose to C\$2bn (US\$1.4bn) from

C\$1.4hm, and net income

increased to C\$78.4m, or 87

cents a share, from C\$57.9m, or

Net profit for the year climbed 36 per cent to

Rhone-Poulenc Rorer, the

US-based pbarmaceuticals

company, said a final trial of

its drug for sufferers with Motor Neurone Disease, known

in the US as Lou Gehrig's dis-

ease, had confirmed that the

drug was the first to show an

However, an initial analysis

of the test showed only that

the drug led to "an overall

increase in survival of approxi-

impact on the disease

63 cents, a year earlier.

By Richard Waters

in New York

tional structure" with four divisions, replacing its current product line divisions.

The new structure will include a research and development division responsible for all new products.

A new marketing and solu-

tions division will be divided into groups addressing each of Apple's primary market segments: education, homa and

Manufacturing and distri-bution of all products will he grouped in another new Worldwide sales will also

become a separate division. The company currently comprises four main divisions: personal computers, headed by Mr Diery; business systems, which makes larger "server" comput-ers; Applesoft, which is respon-sible for software; and personal

Power Financial climbs 35%

C\$273.1m, or C\$3.01 a share, from C\$200.5m, or C\$2.24, in

1993. Revenues were C\$6.7bn

cial gains of C\$4.9m, compared

The 1994 figures include spe-

Contributions were higher

from investors Group, a big

unit trust distributor, and from

Pargesa, the European indus-

trial and communications hold-

ing company jointly controlled

PFC plans to repurchase up

to 5 par cent of its issued

mately three months", the

It added that the trial had

not revealed "a statistically

significant effect on the rate

of muscle function deteriora-

tion" associated with the dis-

RPR did not disclose further

results, but said it would pub-

lish complete data in May at a

meeting of the American Acad-

Although apparently con-

firming the effectiveness of the

drug, the results will dampen

emy of Neurology.

French-owned company said.

shares through the market.

RPR muscle drug ends trial

with Belgium's Frère family.

against C\$5.8bn.

makes tha Newton personal digital assistant. Appla also has a subsidiary, Claris, which develops applications software, such as word processors and database programs

Mr Diery is said to have made a personal decision to leave Apple because the reorganisation would have narrowed his responsibilities. As executiva vice-president

and general manager of the personal computer division, Mr Diery has been in charge of the development, menufacturing, marketing and sales of most of the company's computers.

Apple's 1994 share of the world PC market dropped to

8.1 per cent from 9.4 per cent the year before, according to international Data Corpora-tion, a US market research

parent company

through its communications

unit, has raised its stake in

Southam, Canada's higgest

newspaper group, to 21.39 per cent from 19.39 per cent and

said it may buy more Southam

Power Corp and Hollinger.

Mr Conrad Black's newspaper

bolding company, plan to

oppose a Southam shareholder

rights plan that would prevent

any single holder owning more

than 23.5 per cent. The plan

will be voted on at Southam's

annual meeting on April 25.

some of the enthusiasm which

followed the findings of an ear-

lier, second-phase trial of the

This led to hopes in some

quarters that it would prove

more effective in tackling the

disease, which causes a pro-gressive deterioration in the

The company said it planned

to file applications with regula-

tors in Europe, the US and other countries from July this

year onwards to market the

The

in the course of the year, with Sprint, the long-distance venture was the highest bidder in the auction conducted by

how quickly the group responds to its difficulties and The consortium has said it under whose leadership. over the next three years.

to 11.7m customers, a 9 per cent increase.

Reports that Matsushita is in talks with Seagram, the international drinks group, aboot selling all or part of its MCA entertainment business have stimulated speculation that other bidders might appear for MCA.

TCI inches back into the black for 1994

By Tony Jackson in New York.

Tele-Communications Inc., the largest US cable-TV operator, inched into the black for the whole of 1994, with net profits of \$47m against a \$9m loss the

Operating cash flow, the seasure of performance preferred by the cable industry, fell 3 per cent to \$1.8bm as a result of government-imposes curbs on cable rates.

Group turnover for the year, helped by the acquisition of Liberty Media, rose 19 per cent

In the final quarter, sales and cash flow rose 17 per cent to \$1.5bn and 5 per cent to 459m, respectively.
Mr John Malone, president

and chief executive, said that 1994 "was an enormous challenge for the cable industry and TCI as the full impact of rate regulations took effect during the year and produced a negative impact on casb flow. The year was, however marked by strong fundamental growth in our cable business."

TCI formed a joint venture telephone company, and other cabla groups to bid for US mobile phone licences. The the US government, commit-ting itself to paying \$2.1bn.

would invest \$4.4bn in total TCI said that at the year-end it had provided basic service

Internal growth, as opposed to acquisitions, had run at 5

 Mr Malone said yesterday he had had no contact with Matsushita, owner of Hollywood's MCA studio, and that TCI had no interest in buying MCA, Reuter reports from New

Alcatel fights to steer out of storm

Leadership question is crucial for embattled group, writes John Ridding

Since Mr Pierre Suard took over as chairman of Alcatel Alsthom in 1986, Alcatel Althson Share price (FFr) the annual board meeting to approve the accounts has tended to follow a familiar Several captains of French industry and international heavyweights, such as Mr Rand Araskog of the US con-glomerate ITT, gather in Paris, discuss a sharp increase in profits and then leave Mr hard to announce the results. But today circumstances are very different. Tha board is

> likely to grow. "It is a question of practical-" says one industry analyst. "Alcatel cannot go on under

this cloud."

Mr Suard, who has protested his innocence, is determined to return. Since being barred from the group last month, he has even taken to the airwaves to state his case and to criticise the practices of the judiciary. "I am innocent, my group is innocent." Mr Suard told a

television audience. The longer he is away, how-ever, the less secure his position. The board, which gave a

vote of confidence in Mr Suard after the magistrate's ruling, is expected to discuss its options at today's meeting.

Many of the French directors, which include Mr Guy

Déjouany of Générale des Eaux, the utility, and Mr. Jacques Friedmann of UAP, the insurer, are caught between the need to resolve the situation and the difficulty in

Mr Araskog - who, like other investors, has seen his investment in Alcatel fall by 50 per cent since 1993 - is thought to favour a clean break. ITT declines to comment on the issue, except to say that the chairman "expressed his feelings very clearly" at a board

meeting last month. A decision is not expected immediately, and not before the judgment of tha appeals court, which may take several days. But a possible scenario. should Mr Suard not obtain satisfaction, involves a further board meeting within the next few weeks and the appoint-ment of a caretaker chairman. to provide time to arrange an

orderly succession. Speculation concerning possible replacements has ranged from Mr Pierre Bilger, head of GEC-Alsthom, the engineering joint venture with GEC of the UK, to a host of external candi-

Not surprisingly, Alcatel dis-misses discussion of alternatives and condemns the actions.

French Socialist party officials yesterday rejected reports that the party had received funds from former executives of GEC-Alsthom between 1989 and 1990, writes John Ridding in Paris.

Three former executives confirmed on Monday that they had contributed FFr7.5m (\$1.6m) to the financing of the Socialist party during that period, according to a newspaper report.

The disclosures came during a hearing as part of a probe into illicit political financing headed by Mr Renaud van Ruymbeke,

an investigating magistrate. The investigation stems from an enquiry into a 1990 contract

with Dutch national railways for 38 locomotives. in a statement issued on Monday, GEC-Alsthom said it had provided the French judicial authorities with all the information and documents in its possession concerning the commissions mentioned in recent press articles.

The Anglo-French group said the information supplied confirmed its previous statement that no commissions were paid directly or indirectly to either Dutch politicians or civil servants, or to executives of Dutch railways.

According to the company operations are running smoothly under the guidance of Mr François de Large de Meux, managing director.

A series of deals in the last few weeks, from the sale of its US copper wire operations to the purchase of a stake in the Euronews TV channel, would seem to support their description of business as usual. Howaver, in many of

Alcatel's higgest markets business is not as usual. Witness the deregulation of the European telecoms sector and the end of tight relationships between suppliers and state larly in Germany Losses at Alcatel's German

subsidiary were a hig reason for the fall in profits last year to about FFr4bn (\$833m) from FFr7bn.

Alcatel has responded if belatedly. Restructuring the group into product, rather than geographical centres, is improving efficiency Establishing a seven-member executive committee has increase the flexibility and speed of decision-making, while a restructuring, involving plant closures and job losses, is expected to return the German operations to profit next year.

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be company's strong international drive provides protection against the breach of traditional European strongholds. About 19 per cent of Alcatel's telecoms equipment sales are secured in China, almost as much as in France.

The company also posse trumps in technology. Its digital telecoms switching and broadband transmission devices are being used in many media services. "They are well positioned in what will be lucrative high value-added markets," says one telecoms analyst

But capitalising on such assets is rendered much more difficult by the management crisis. At a time when the company needs a firm hand on the tiller, its captain has been margoned. Without a new helmsman or Mr Suard's return, a flagship of French industry will struggle to leave the doldrums.

GROUPE PARIBAS

1994 results up 18.4%

Net income excluding minority interests of FF 1,715 billion (USD 311 million) and dividend distribution up 27%

In 1994. Compagnie Fluancière de Parlbas improved its performance and reached consolidated net Income including minority interests of FF 3.127 billion (USD 567 million), versus FF 2.78 billion in 1993. Group net income excluding minority interests rose 18.4 % in 1994 to FF 1.715 billion (USD 311 million), versus FF 1.449 billion in 1993.

This increase was achieved despite an unfavorable climate in financial markets worldwide, sluggish demand for loans and the persisting real estate crisis in France.

The group's 1994 results reflect:

- strong profit growth at Paribas Affaires Industrielles, as much due to improved performance in PAI's equity boldings as to realized capital gains: - a marked improvement in the profitability of

Compagnie Bancaire and Banque Paribas's corporate banking activities, thanks notably to lower provisions for loan losses.

The improvement in these results remains limited by: - less strong performances in capital markets-related activities at Bauque Paribas:

 extraordinary provisions for discontinued activities - the difficult situation for the group's real estate

development subsidiarles in France.

Main financial bigblights

1994 Activity	51.	12.94	1993	Change 94/93
(In billions)	FF	USD*	FF	*
Total assets	1,295	235	1.356	(4.5%)
Customer loans	395	7.2	415	(4.8%)
Customer deposits (excluding CDs)	213	39	206	+ 3.4%
Assets under management	387	70	397	(2.5%)
Equity investments (estimated value)	61.4	11.1	64.8	(5.2%)
* USO I = FF 5.5187				

1994 abridged consolidated income statement

(in williams)	19	94	1993	Change 94/9
	FF	USD*	FF	%
Total revenue from operations of which:	31.737	5.751	32,684	(29%)
Net banking revenue	27,385	4.962	30,943	(11.5%)
Net otber revenue from operations	4.352	-89	1541	+ 150%
General and administratics expenses and amortization	(19,921)	3,610	(19.603)	+ 1.6%
Net income from operations	11,316	2,141	13.082	(9.7%)
Provisions for loan losses	(6,923)	1,254	(8,,8)	(21.1%)
Total net income (Including minority Intervsts)	3.127	567	2,780	+ 21.5%
ict income (excluding ninority interests)	1,715	311	1,449	+ /2.4%

Total revenue from operations is largely stable and general and administrative expenses are under control.

Marked decline in real estate risks

The allocation to loan loss provisions declined 21.1%. This change reflects Europe's improving economic environment and a selective lending policy at the group's banking subsidiaries.

Loans outstanding from Groupe Paribas to real estate professionals declined 14.7% to FF 23.8 billion (USD 4.3 billion). Of this total, loans to the group's oun real estate development subsidiaries (Cogedim and Sinvim) account for FF 5.1 billion, with the remaining FF 18.7 billion to real estate professionals outside of the group. Excluding FF 1.4 billion in loans to major construction companies, the coverage rate of external real estate risks stands at 40%, and 51% on doubtful loans, versus 32% and 49% in 1993.

Strengthened equity capital

The equity capital of Compagnie Financière de Paribas increased 6.6% to FF 60.5 billion. The group's Cooke ratio amounts to 9.7%, of which 8.6% is tier 1 capital, versus 9% and 7.8% at December 31, 1993.

Net asset value per share amounted to FF 481 (USD) 87.20) versus PF 568 (adjusted) at December 31, 1993.

Dividend per sbare maintained at FF 12

(USD 2.17) and a bigger distribution It will be proposed to pay sharebolders an unchanged dividend of FF 12 (USD 2.17) per sbare with a FF 6 tax credit based on an increased number of sbares outstanding due to the capital increase for cash and distribution of bonus shares in 1994. The total distribution will therefore amount to FF 1.4 billion, or 27% more than in 1993.

> The Annual Shareholders Meeting will be beld on May 24, 1995.

| Person | P

This announcement appears as a matter of record only. **Dubai Aluminium Company Limited Emirates Bank International Limited** Dresduer Bank Luxembourg S.A. Abu Dhabi Commercial Bank

دوبال dubaL US\$250 million

Aluminium-linked Loan

Arranged by

Merrill Lynch International Limited

Co-arrangers

Lenders

The Daiwa Bank, Limited **Emirates Bank International Limited** The Hongkong and Shanghai Banking Corporation Limited

Merrill Lynch Capital Services, Inc.

The National Bank of Dubai PJSC

The Royal Bank of Scotland plc

Arab Bank pic Dresdner Bank Luxembourg S.A. Gulf International Bank B.S.C.

The National Bank of Dubai PJSC

MashreqBank Psc

The Mitsubishi Bank, Ltd. Royal Bank of Canada Standard Chartered Bank

EXTECAPITAL LIMITED US\$ 100,000,000 PERPETUAL SUBORDINATED INCREASING MARGIN FLOATING RATE NOTES In accordance with the provisions of the Notes,

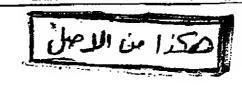
notice is hereby given as follows: Interest period: April 5, 1995 to October 5, 1995 Interest Payment date: October 5, 1995 Interest rate: 7-10% per annum (including the m at: US\$ 36,091.67 per note of US\$ 1,0

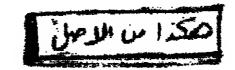
The Annual General Meeting of Kemira Oy will be held on Wednesday April 26, 1995 beginning at 14.00 hours at Helsinki

Shareholders wishing to attend the Meeting must be registered in the list of shareholders kept by the Central Share Register of Finland no later than April 13, 1995 and must inform the Company Secretary by 16 o'clock on April 21, 1995, at the latest, of their intention to participate in the meeting.

The official summons to the Annual General Meeting has been published in Kauppalehti on April 5, 1995. For further information please contact Kemira Oy. Group Communications, fax, +358 0 132 1627.







INTERNATIONAL COMPANIES AND FINANCE San Miguel plans \$1.5bn spending

By Edward Luce in Mentia

WEDNESDAY APRIL 5

COf Storm
writes John Ridde

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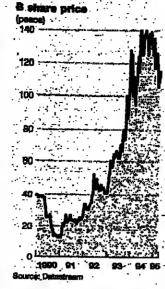
San Miguel, the Philippine beer and soft drinks company, says it has earmarked 40hn pesos (\$1.5bm) for capital expenditure between 1995 and 1997 to bol-ster its share of the Asian beer

The company, which recently announced a 41 per cent net profit increase to 4.93bn pesos for 1994, plans to buy a second brewery in China in Baoding, near Beiling, to add to its existing plant near Guanghzou.

The company will also buy a glass bottle plant in Haiphong,

The 40bn peso outlay is the second tranche of a sevenyear expansion programme which is intended to catapult San Miguel to a dominant position in the east Asia beer market.

The first 36bn peso phase, which was launched in 1988, resulted in a joint venture with Delta Djakarta in Indonesia and a 50:50 joint venture with Nastlé, the Swiss multinational; in the Philippine soft



drinks and ice-cream market.

The company also expanded its

Pomento, a research analyst at
Barings ING in Manila. "Only share of the Hong Kong beer market to 50 per cent, in spite of selling its largest Hong Kong brewery last year. "San Miguel is in a very

15 per cent of the company's revenues come from its regional sales but that should rise to 30 per cent by [the year] 2000. strong position to expand ovarseas," said Mr Alax

pay first dividend

Dansk Olie og Naturgas, Denmark's state oil

and natural gas distribution company, will pay

a dividend - of DKr215m (\$39m) - for the first

time since it was set up in 1974, after making a profit of DKr619m in 1994, the group's best result to date, writes Hilary Barnes in Copen-hagen. In 1993 it made a profit of DKr532m.

The group's operations have been profitable

for many years, but it has carried heavy debts

from investment in a network for distribution

of natural gas from the Danish sector of the

North Sea, and these have previously pre-

vented it from paying a dividend to the state.

Net debt was reduced last year by DKr1.1bn

to DKr3.9bn. Group sales increased to

DKr6.90bn from DKr6.77bn in 1993, of which

DKr2.35bn was export income from sales of

Two North American aluminium groups, Alumax, third largest of the US producers, and

Kenneth Gooding, Mining Correspondent, in

Alumax has sold some of its Estalco smelter

in Maryland and its Intalco smelter in Wash-

ington state to a consortium led by Mitsui of Japan, which paid \$148m for a further 14 per

cent stake in the smelters. Alumax will record

a first-quarter pre-tax gain of more than \$100m.

from the sale, which leaves it with 61 per cent

of the smelters and operating control. The

consortium now owns 39 per cent.

Alcan has sold its metals distribution busi-

ness to Rio Algom, another Canadian group, for an undisclosed sum as part of its policy of

selling "downstream" operations.

Germany introduces

'real-time' settlement

German stock market authorities are introduc-

ing "real-time" settlement - the delivery and

payment of securities transactions - from

tomorrow in order to reduce settlement risks

to a minimum, writes Antonia Sharpe in

Real-time settlement means that the securi-

ties and payment in D-Marks are transferred immediately and with binding effect from the account of the DKV, the German central secu-

rities depositary, or the account-holder at LZB

Hessen to the account of the other party. LZB Hessen is the regional Bundesbank office in

MIM shares climb 5%

in wake of Musto offer

Shares in MIM, the Australian mining group, railied by about 5 per cent yesterday to A\$2.02 in the wake of Placer Dome's US\$304m offer

for International Musto, writes Nikki Tait.
MIM bought into Musto's Bajo de la Alumbrera copper-gold project for US\$130m last
year - of which US\$120m was the development

fee. Its interest is 50 per cent, with Interna-tional Musto retaining the remaining half.

Analysts said that the Placer bid for Interna-

tional Musto appeared to valua the Alumbrera

interest more favourably than had previously

been the case in calculations of MIM's rating.

The Brisbane based company's share price has

also been depressed recently by the industrial

unrest and stoppages at some of its Queens-

the state of Hesse.

land operations.

natural gas to Sweden and Germany.

Alumax and Alcan

complete deals

In the longer term, the Philippine consumer giant, which

has a 91 per cent share of the country's beer market, said it planned further joint ventures with foreign companies as well as establishing a foothold in

"San Miguel is probably the Philippines' most recognised brand name," said Mr Pomento. "It is also one of the most popular stocks among foreign investors, although it has probably traded at too high a multiple to earnings in the last few years."

At a price/earnings ratio of 27, San Miguel is still considered relatively axpensive, although the multiple bas dropped from the high 30s

Howaver, tha Philippine market, which is 70 per cent consumer driven, is considered an ideal launch pad for San Miguel's expansion plans.

San Miguel's "B" shares -which, unlike San Miguel "A", are open to foreign buyers have remained quiet at 117 pesos since the announcement. Analysts say the market is awaiting an upturn in Philip-pine consumption before rallying to San Miguel.

on future

was dne to come into effect.

• BHP, the Australian resources group, and Canada's Westcoast Energy said yester-

viding impetus for the pro

continue into next year.

Mr Mike Baugh, president of
RHP Petroleum, Australia and

News chief plans talks of Ansett

and agencies

Australian newspaper arm of Mr Rupert Murdoch's News Corporation media group, said yesterday that he is to meet federal government representatives for talks over the future of Ansett, the Australian airline in which News Corp has a 50 per cent stake.

Mr Cowley's comment was a side issue amid the local farore over Mr Murdoch's plans to set up a rugby "superleague" in Australia, and no one at News' Sydney offices was available to elaborate on

national carriers. Air New Zea-

Last year, Air NZ was blocked from flying internal Australian rontes when the Australian government unilat-erally revoked an "open skies" arrangement between the two countries, just days before it

BOLIVIA THIRD NOTICE

MINISTERIO SIN CARTERA RESPONSABLE DE CAPITALIZACION

ANNOUNCEMENT OF THE INTERNATIONAL PUBLIC BID FOR THE CAPITALIZATION OF ENTEL BOLIVIA REF. MC - 02/95
TERMS OF REFERENCE FOR PRE-SELECTION BASED ON MERITS AND EXPERIENCE

The Ministerio Sin Certera Responsable de Capitalización (the "Ministry"), in accordance with the provisions established in Lew No. 1544 dated March 21, 1994 (the "Capitalization Law"), and the SAFCO Law No. 1178 dated July 20, 1990 (the "SAFCO Law"), and their related regulations, invites the general public to an international public bid (the "Tender") for the pre-selection of bidders and the subsequent subscription of shares of the Empresa Nacional de Telecomunicaciones (ENTEL).

The Tender will consist of two stages. The first stage will be the pre-selection of prospective bidders and the second stage will be the submission of economic offers by the pre-selection of prospective bidders and the second stage will be the submission of economic offers by the pre-selection of prospective bidders.

Any person or entity, individually or collectively, national or foreign, that shows that it is an operator or is related to one as defined in the Terms or Reference, may present a pre-

Provision of telephone services to more than the number of principal lines in service as defined in the Terms of Reference, or annual revenues in excess of a minim established in the Terms of Reference resulting from the rendering of these services.

ce with the percentages required in the Terms of Reference with respect to the following items: repair of malfunctions within 24 hours from receiving the first request for service, long distance telephone calls completed and installation to new telephone users within 30 days from when solicited.

Documents to be presented with the pre-selection submission include but are not limited to the followin

 Reports any popular immediate successful to the Moody's or Standard and Poor's, as set forth in the Terms of Refe
 Sworn statement regarding the financial condition of the bidder, as set forth in the Terms of Reference.
 The Bidders may formulate questions to the Ministry in connection to the pre-selection, up until and including April 17, 19. Pince of acquisition for the Terms of Reference

The "Terms of Reference for the Pre-Solection based on Merits and Experience" may be obtained beginning March 22, 1995 in the offices of the Ministry, located at Avenida Mariacal Santa Cruz, Palacio de Commiscaciones, piso 17, La Paz-Bolivia, between 9:00am and 6:30pm. The telephone number is (591-2) 368-819 and the facaimile number is (591-2)374-625.

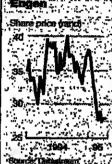
Pre-selection submissions will be received at the address indicated above until 6:00pm. on April 21, 1995. The envelopes will be opened at the offices of the Ministry, at the address

tioned above, on April 21, 1995 at 6.30 pm

Twenty thousand 00/100 US Dollars (Sus. 20,000,00) paid in bolivianos at the official exchange rate on the day of purchase. For these purposes the special account No. 08-D-827 carrying the name "Ministerio de Capitalización" has been opened in the Banco Santa Cruz S.A., Avenida Camacho No. 1448 Telephone: (591-2) 370481 and Facsimile (591-2) 358259/369279, La Paz - Bolivia For more information, call the Ministry at (591-2) 368-819 or send a facsimile to (591-2) 374-625

NEWS DIGEST

Engen income falls sharply to R90m at halfway



Engen, the South Danish oil group will African energy company, was hit by a lower refining margin and problems with its main refinery, resulting in a sharp drop in

attributable income to R90m (\$25m) from R176m for the six months to the end of February, writes Mark Suzman in Johannesburg. Increased domestic sales resulting from

growth in South Africa led to a 3.7 per cent rise in gasoline sales and a 4 per cent rise in diesel, pushing overall turnover to R4.27bn from R4.03hn for the same period a year ago. However, lower international margins and a drop in crude throughput due to operational problems in the company's newly upgraded refinery in Durban, meant that operating income before inventory effects and exceptional items dropped 33.7 per cent to R187m-

from R282m-a year ago. Exports to sub-Saharan Africa also dropped sharply.

Mr Rob Angel, chief executive, said it had been a "tough time" but that he believed the worst was over and that the group was making progress with its overall restructuring plans.

Italian shipbuilder doubles net profit

Fincantiari. Italy's state-controlled shipbuilder-more than doubled net profit to L7.2bn (\$4m) in the calendar year 1994, against a profit of L3bn in 1993, writes Andrew Hill in Milan. Consolidated profit reached L9.7bm on turnover of L2.500bn.

The group, which is one of the world's leading builders of cruise ships, said that extraordinary charges related to a drastic restructur-ing programme had held back overall profit, but attributed the rise to the reduction of costs and increase in productivity at the company. Mr. Corrado Antonini, chairman, explained that static defence spending had obliged the group to seek out new business in the civil sector - for example in the production of fast ferries - which took advantage of military construction skills.

SA mining groups face damages claims Randgold, the South African mining group,

and its management company, Fraser Alexander, said they were preparing for claims of up to R70m (\$19.8m) in damages in connection with the bursting of a slimes dam controlled by the company in the town of Marriespruit

last year, writes Mark Summan.
The announcement follows a decision by a judge last week to declare six of the companies' employees criminally liable for the disaster which took place in February 1994, when the companies from the bulker down collected from slimes from the broken dam, collected from Randgold's Harmony gold mine, washed away houses and streets in Marriespruit, causing widespread damage and killing 17 people.

Fraser Alexander and Harmony have set up Rium fund to facilitate settlement of claims and said that liability would be equally apportioned between the two companies. A spokes man for Fraser Alexander said expert opinion was that total claims would not exceed R70m and that the group had sufficient insurance cover and other resources to meet that

Harmony made a R28m provision during the 1994 financial year for costs arising from the

disaster, but analysts are concerned that. given the mine's marginal viability at current gold prices, successful damage claims from victims arising out of the judge's decision could seriously damage the mine's operating viability.

By Nikki Talt In Sydney

Mr Ken Cowley, chief executive of News Limited, the

the nature of the government discussions. However, there bas been

speculation recently that News s seeking to dispose of its land and Brierley Investments, Air NZ, have been mooted as potential buyers.

The remaining 50 per cent of Ansett is held by TNT, the transportation group, which has said in the past that it is not likely to be a seller, unless an extremely attractive price is offered. Yesterday, it declined to comment on suggestions that a proposed restructuring of Ansett's ownership structure could see its stake rise to 51 per cent.

day that they were proceeding with a environmental impact study for a 700km gas pipeline from Victoria to Sydney, in New South Wales. They said a final decision on the project would be made in mid-1996. and that the pipeline could be in operation during 1997.

Restrictions on the interstate sale of energy are grad-ually being lifted in Australia, and "free and fair trade" in natural gas within and between states is due to come into force by July 1 1996, pro-

Separately, BHP told an Adelaide petroleum conference that talks to renegotiate the terms of a production-sharing agreement over Vietnam's offshore Dai Hunh oil field could

Asia, said that talks with the Vietnamese government had started but would "probably take the rest of this year and maybe [continue] into next

BOLIVIA

MINISTERIO SIN CARTERA RESPONSABLE DE CAPITALIZACION THIRD NOTICE

ANNOUNCEMENT OF THE INTERNATIONAL PUBLIC BID FOR THE CAPITALIZATION OF ENDE BOLIVIA REF. MC-01/95

TERMS OF REFERENCE FOR QUALIFICATION BASED ON MERITS AND EXPERIENCE

Guaracachi S.A.M. and Empresa Valle Hermoso S.A.M. (together the "Generators"), being formed from the Empresa Nacional de Electricidad S.A. ("ENDE" S.A.).

The Ministerio sin Cartera Responsable de Capitalización (the "Ministry"), in accordance with the provisions of the Capitalization Law No. 1544 dated March 21. 1994 (the "Capitalization Law") and the SAPCO Law No. 1178 dated July 20, 1990 (the "SAPCO Law") and their respective regulations announces to the general public the International Public Bid (the "Tender") for the qualification and the subsequent subscription for 50% shareholdings in Empresa Corani S.A.M., Empresa

The Tender will consist of two stages. The first stage will be the qualification of prospective bidders and the second will be the submission of economic offers by In July, 1994, the Ministry reviewed the submissions of parties interested in the Tender and classified 31 such parties, listed below, as pre-selected companies (the

- "Pre-Selected Companies"). 1. AES AMERICAS INC.
- BHP POWER INC.
 CENTRAL AND SOUTH WEST CORPORATION
- CHILECTRA S.A.

- COMMUNITY ENERGY ALTERNATIVES INCORPORATED CONSOLIDATED EDISON COMPANY OF NEW YORK, INC. CONSOLIDATED HYDRO, INC.
- CONSTELLATION ENERGY INC. 11. COMPAÑIA BOLIVIANA DE ENERGIA ELECTRICA S.A.
- COBEE BPC 12. DESTEC ENERGY INC. 13. DOMINION ENERGY, INC.
- 14. ENERGY INITIATIVES, INC.
- 25. ONTARIO HYDRO INTERNATIONAL INC. 26. SADE INGENIERIA Y CONSTRUCCIONES S.A.
 - 27. SOUTHERN ELECTRIC INTERNATIONAL CHILE 28. TAUERNKRAFTWERKE A.G.
 - 29. THE NATIONAL GRID COMPANY PLC
 - 30. TRACTEBELS.A. 31. WESTCOAST ENERGY INTERNATIONAL INC.

16. ENTERGY POWER DEVELOPMENT CORPORATION

18. FALCON SEABORD POWER CORPORATION

23. LIBERTY POWER LATIN AMERICA/COGENTRIX
24. O'BRIEN ENVIRONMENTAL ENERGY

19. GESTION ELECTRICA EMPRESARIAL S.A.

20. HOUSTON INDUSTRIES ENERGY INC. 21. IBERDROLA S.A.
22. LG & E POWER DEVELOPMENT INC.

17. EMPRESA NACIONAL DE ELECTRICIDAD S.A. - ENDESA

Qualification submissions will only be accepted from Pre-Selected Companies or their affiliates or groups containing Pre-Selected Companies or their affiliates. Each qualification submission must evidence satisfaction of the criteria contained in the Terms of Reference for Qualification based on Merits and Experience (the "Terms of Reference"), which are summarized below.

Each bidding group must contain an operator which meets the following criteria: general experience in the electricity generating industry;

- specific experience owning and operating one or more substantial bydro or thermal power plants
- a minimum generating efficiency a minimum net worth
- and maximum total asset to equity ratio.

Additionally, the combined net worth of the operator together with certain other specified members of the bidding group must meet or exceed a minimum level.

Date and Place of Presentation of Qualification Submiss Qualification submissions will be received at the address indicated below until 6:00 p.m. May 2, 1995, and opened immediately thereafter.

Date and Place of acquisition of the Terms of Reference: The Terms of Reference may be obtained at the offices of the Ministry located at Avenida Mariscal Santa Cruz, Palacio de Comunicaciones, Floor 17, La Paz Bolivia, between 9:00 a.m. and 6:30 p.m. from 31 March 1995 to the day immediately preceding the final date for the filing of qualification submissions. The telephone number is (591-2) 355388 and the facsimile number is (591) 8112823.

USS 5,000 (Five Thousand US Dollars) paid in bolivianos at the official exchange rate on the day of purchase. For these purposes the special account No 08 - D - 827 carrying the name "Ministerio de Capitalización" has been opened in Banco Santa Cruz S.A., Avenida Camacho No. 1448 La Paz, Bolívia Telephone: (591-2) 370481 and Facsimile (591-2) 358259/369279, La Paz - Bolivia.

La Paz. March. 1995 MINISTERIO SIN CARTERA RESPONSABLE DE CAPITALIZACION

JAPAN AIRLINES COMPANY, LTD.

¥10,000,000,000 Floating Rate Notes due April 1998

For the period 5th April 1995 to 5th July 1995 Sth July 1995
In accordance with the Terms
and Conditions of the Notes,
notice is hereby given that the
rate of interest has been fixed
at 2.0 per cant, per annum
and that the interest payable
on the relative payment date
being 5th July 1995 will be
\$505,566 per \$100,000,000

The Industrial Bank of

CANADIAN PACIFIC LIMITED TORONTO GREY & BRUCE RAILWAY COMPANY Copies of the Balance Sheet of the above

Company as at December 31 1994 are evallable and may be obtained from this D.R. KEAST Deputy Secretary 62-65 Trafelgar Square, London WC2N 5DY

manager & Financial History on Compact des of blancical futures pric and fendemental information immediately at your fingeripal. By average CRB inforces being you perform as source CRB inforces being you perform analysis, backmening. L presentations and lots more... modeling, presentations and lots more...
YEARS OF HISTORICAL PRICES FOR
CASH, FUTURES, OPTIONS AND

INDEX MARKETS.

ON OVER MOCCHARCOTTES, Similar to the information found in the CRB Commodity Year Rook, the fable' of the fourest inclustry, in addition to intended data, CRB infoTech also provides daily price updates via KR-Quote, Knight-Ridder's software specifically designed at download and import end-of-day prices of the control of the control of the control of the price updates and the control of the control of the designed to the control of the co directly into your detail INFORMATION: Blastfer Vehil KR Florine, 78 Flort Street, London ECAY 1HY Tel: +44 (0) 71 842 4083

Atlas Copco

Atlas Copco AB

Nacka, Sweden

NOTICE OF ANNUAL GENERAL MEETING The Shareholders of Atlas Copco AB are hereby invited to attend the Annual General Meeting to be held on Wednesday, April 26, 1995 at 5,00 p.m. (Swedish time) in the Berwaldhallen, Strandvilgen 69, Stockholm.

Election of Chairman to preside at the Meeting.

Election of Chairman to precide at the Meeting.
Preparation and approval of a voting lat.
Election of one or two persons to approve the minutes.
Election of one or two persons to approve the minutes.
Electino of one or two persons to approve the minutes.
Electino of two persons to approve the minutes.
Electino of two persons to approve the minutes.
Presentation of the Annual Report, the Auditors' Report on the Parent Company, the Consolidated Accounts and the Auditors' Report on the Group.

Consideration of resolutions in respect of the following:
(a) the adoption of the Parent Company income Statement, the Parent Company Ralance Sheet, the Consolidated Income Statement and the Consolidated Balance Sheet;
(b) the Directors' and the Managing Director's discharge from Isability, and
(c) the appropriation of the Company's profit according to the adopted Balance Sheet.
Determination of the fees for the Board of Directors and deputy members of the Board.
Determination of the fees for the Board of Directors and the Auditors.
Election of the Board of Directors and the Auditors.

Right to participate

To be entitled to participate in the Annual General Meeting shareholders must

be recorded in the Shareholders Register meintelined by the 2wedish Securities Register
Cantre (Vardepapperscentraten VPC AS) not later than Thursday, April 13, 1985, and

notify the Company of their intent to participate in the Annual General Meeting not later than
4.00 p.m., Friday, April 21,1995. Notification of intent to participate in the Meeting may be
made in writing to Atlas Copco AS, 3-105 23 Stockholm, or by telephone to Int-48-8-7438000.

Shareholders whose shares are held in trust by a bank or private brokerage must temporarily re-register their
shares in their own name to be able to participate in the Annual General Meeting. Such re-register than
the completed not later than Thursday, April 13, 1985. Shareholders should notify the trustee of their deale to
re-register in adequate time prior to this date.
A shareholder may attend and vote at the Annual General Meeting in person or by proxy but in accordance
with Swedish practice the Company does not send forms of proxy to its shareholders. Shareholders wishing
to vote by proxy should submit their own forms of proxy to the Company.

The Board of Directors proposes that a dividend of SEX 2.30 per share be paid to the shareholders. The
Board has also decided to propose that the Record Date for the payment of dividends be May 2, 1995.
Should the proposals be approved by the Annual General Meeting, it is anticipated that the dividend will be
distributed by the Swedish Securities Register Centers on May 9, 1995.

Re-election of all Ordinary Membarat Peter Wallenberg, Anders Scharp, Tom Wachtmelster, Erik Belfrage, Keith O. Butlar-Whealhouse, Gósta Bystedt, Paul-Emmanuel Jánasen, Góran Lindahl, Curt G. Olsson, Otto Grieg Tidemand and Michael Treachow. The Deputy Member, Bertil Eriksson, has resigned following his retirement from Atlas Copco AB.

Ordinary auditors: Stafan Holmström, KPMG Bohlins AB, re-election and Robert Barnden, Coopers & Lybrand AB, new election Deputy Auditors: Thomas Thiel, KMPG Bohlins AB, re-election and Sigvard Heurlin, Coopers & Lybrand AB, new election. Shareholders representing more than 40% of the votes in Atlas Copco AB have submitted the above

instructionly after the General Meeting "The John Munck Award" for 1994 will be handed over (a scholarship instituted by Atlas Copco AB. Its main objective is to foster product development.)

Stockholm, April, 1985 The Board of Directors Atlas Copco AB

March 31, 1995 (in FF millions) March 35 din FF milliona March 94 37,713 -8.2 3,2 GROUP SALES 6.4 23,224 4.3 FRANCE islands (91,000 square feet), San Miguel in Argentine [118,000 square feet], Drancy (110,000 square feet) and Calais (110,000 square fact) in France. The number of hypermericats in the world reached 225.

Carrefour (

SALES, TAXES INCLUDED AS OF MARCH 31, 1995

BUSINESSES FOR SALE Meses Kidsons Impey offer for sale the IMPEY

BS&SRIGBY (WHOLESALE BUTCHERS) LIMITED . ☐ Modern ourpose-built Abattoir, meat cutting and cold storage plant.

☐ E.E.C. Export approved. Blue Chip customer base. ☐ Turnover for 12 months to 31st August 1994 £9.8m. Freehold premises in Cheshire. Ref RKH

> EGIP SYMMONS Tel: 0161-832 8454

ions socurition have not been registered under the Securities Act of 1944 and may not be offered or a United States absent registration or an expelicable exemption from the registration requirements, necurities having been proviously sold, this announcement appears as a matter of record only

\$74,993,324

Viatel, Inc.

12,070 Units Consisting of Aggregate Proceeds of \$57,999,971 of 15% Senior Discount Notes Due 2005

\$16,993,353 of Class A Common Stock

Price \$6,213.20 a Unit

These securities were sold pursuant to Rule 144A under the Securities Act of 1843.

MORGAN STANLEY & CO. Incorporated



INTERNATIONAL COMPANIES AND FINANCE

Bremen set to sell stake in energy arm

The city state of Bremen. Germany's smallest and poor-est Land (state), yesterday said it would sell a 49.9 per cent stake in its municipal energy distribution company, or Stad twerke, for DM684m (\$498m).

The money will go in part to pay for the 1993 rescue of the Klockner steel mill and to fill other holes in Bremen's finances. Bremen will keep the outstanding 50.1 per cent.

Veba. Germany's second big-gest utility, will take a 24.9 per cant stake in the company for DM842m while Ruhrgas, the German gas distributor, and Tractebel, the Belgian utility, will each take 12.5 per cent for DM171m.

approved by the state parlia-ment and it is unclear whether

the Social Damocratic party, the largest grouping, can find e

DM171m. prices following bids by 14

majority to back the sale.

State elections have been called for May 14, following the recent collapse of the ruling three-party coalition. The ownership of the Stadtwerke is bound to be a central issue, with three of the biggest parties in parliament all supporting alightly different proposals.

"How forces are deployed in parliament is still unclear," said Mr Klaus Sondergeld, a

said Mr Klaus Sondergeld, a spokesman for the city. The deal, if it goes ahead, should be

completed by the and of May.

Klöckner rescue cost Bremen more than DM200m, a sum it was prepared to pay to save about 8,000 jobs. These jobs depended directly and indi-rectly on the steelworks which were finally taken over last year by Sidmar, the Belgian

Stadtwarke.

Most German cities have agencies for the distribution of

Many are losing money because of growing pressure from competitors who are try-ing to break up the cities steel group.
Since the rescue could not be funded from the city's budget, it decided to sell a stake in the

Another reason why Branen Another reason why Branen is pressing absed with the sale of the Stadtwerke is because it has the highest per capita light of any of the German Länder. Its 685,000 inhabitants have run up a debt of DMI/Im.

electricity, gas and water, and which have long leim contracts with Garmany's utilities.

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Marie Langue

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Slovakia clips investors' wings

State plans to curb funds' influence in industry, writes Vincent Boland

ha government of Slo-vakia plans to curb the influence of the country's investment funds, the main investors in private industry, as it prepares for a new round of privatisations, tentatively scheduled for July.

The proposed moves show the government is determined to keep a tight rein on industry in future privatisations, against the growing influence of privats investors. This has led to concern that some of the benefits of privatisation may

The tighter regulations are designed to make Slovakia's 166 investment privatisation funds more like portfolio man-agers and less like strategic investors in industry.

invest in state companies being privatised through the vouchers-for-shares scheme, and are owned hy hundreds of thousands of small investors. The regulations are being drawn up as the IPFs seek to recover their momentum following a series of unexpected developments this year.

In January, Nomura International, the dominant sharebolder in VUB Kupon, the largest Slovak IPF, tried to break up the fund.

Nomura secured approval at a controversial meeting of VUB Kupon's shareholders on Jenuary 23 to take over about one-third of the fund's assets. It is currently ewaiting finance ministry approval for the move Trading in VUB Kupon's shares on the Bratislava bourse has been suspended since the meeting, depriving the market of probably its most liquid stock.

in late February, the finance ministry ordered VUB Invest, which manages the portfolios of VUB Kupon, to stop trading

(Ke m et 30.08.94) VUB Invest Slov Coupo

Largest Slovak investment fund managers

order deprived the market of Last month, the ministry shut down PSIPS, another big but unquoted investment fund, and put it into liquidation, charging PSIPS executives with failing to look after the interests of small shareholders. PSIPS was unable to honour a guaranteed return of 2,000 per cent it promised to investors

when it was established. In response to these develop ments, ministry officials say they want to cut to 10 per cent from 20 per cent the maximum stake an IPF can take in companies to be sold in the next round of privatisations.

They may also cut to 5 per cent the voting rights an IPF can exercise in a privetised company, regardless of the size

moves will give a voice to e greater number of shareholders in a privatised company, and ensure no one investor is unduly dominant. Mr Jozef Magula, deputy

finance minister, said IPF managers had become too powerful in the running of companies and were ignoring the interests of their own small

"The facts are that the funds fund while it considered the are controlled by management tions will be 46 per cent, com- clear after more privatisation.

and not by shareholders," he said. He maintained there was an IPF'e role as a portfolio manager and its desire to influence the management of a

the rules governing IPFs need to be clarified, but many believe the proposed changes reflect alarm among big, partly privatised Slovak companies at the power of the IPFs to hire and fire industry bosses.
"Some of the funds are

beginning to be real owners (of privatised industry] and are ing bad managers, and some of those bad managers are friends of the government," said Mr Tom Grey, an economist at DanInvest, e Bratislava

try, especially the big companies, which are still mainly state-owned, has close ties to Mr Vladimir Mediar, the prime minister, and his populist Movement for e Democratic

Slovakia party. Reflecting the government's desire to retain control of companies which may be priva-tised, the maximum stake in any one entity to be included the next round of privatisapared with up to 97 per cent in the first mass privatisation round in 1992. The average stake to be sold will be 38-35 per cent, according to Mr Stefan Gavornik, chairman of

the National Property Fund, the state holding company. Fund managers fear the new limits will do nothing more than allow the state to replace the IPFs as the dominant sharebolder in "privatised" Slovak industry. They are also concerned it could deter for-

eign investors. Mr Martin Cabadaj, executive director of Creditanstalt Securities in Bratisleva, said the likely concentration of majority control in state hands after the new round of privatisations would tilt the balance of corporate governance eway from private shareholders.

It could also act as a barrier to restructuring Slovak indus-try, especially where this-entails cutting jobs. Mr Gavon-nik suggested the NPF would not sanction job losses. Unem-ployment in Slovakia stood at

14.8 per cent et the end of 1994.
IPFs are also angered by e
proposed creckdown on
options and off-market share trading. This is likely to lead to the closure of the Bratislava options exchange, which trades one-day forward contracts and is the most popular of the country's three securities markets among hig traders.

The funds are trying to ensure that their influence is not entirely eroded when the new privatisation round begins, but they may be fight-ing a losing battle. "We don't

have much influence, one fund manager conceded.

The travails of VUB Kupon and PSIPS also add to the uncertainty in which the IPFs operate. Whether the changes will be good for ordinary Slo-

French bank sells two London branches

By Andrew Jack in Paris and Alison Smith

Credit Lyonnais, the loss making French bank, has con-tinued its withdrawal from UK personal banking with the sale of two London branches to the Bank of Ireland.

Bank of Ireland.

One of the two - in Lower
Regent Street - was the first
London branch opened by any.

oversees bank.

The transfer will take place next month, when the staff and premises will become part of Bank of Ireland's UK retail: operation. The deal is thought to involve deposits of almost \$100m (\$163.4m), and will take Bank of Ireland's UK branch network to 27. Bank of Ireland believes the

branches' focus on interna-

tional trade clients and French

expatriates will fit well with its emphasis on niche markets. Crédit Lyonnais departure from UK personal banking was announced last autumn, when it decided the number of perto justify the investment. "It was neither profitable nor interesting enough for us," e bank official said in Paris. However, it continues its operations as a banker to small and medium-sized UK companies with a European outlook, as well as its whole-sale and capital markets activ-

Walt Disney names new financial chief

entertainment group, has appointed Mr Stephen Bollen-bach as senior executive vicepresident and chief financial officer, AP-DJ reports from Burbank, California,

Disney said Mr Bollenbach. who will be responsible for all financial affairs of the company worldwide, was chief executive and president of Host Marriott, the US hotels group. He succeeds Mr Richard Nanula, who in November was named president of Disney.

Stores worldwide. From 1990 to 1992, Mr-Bollenbach was chief financial officer for the Trump Organisation, where hie primary responsibilities involved refinancing various assets and companies owned by Mr Don-

Smuggling crackdown helps lift Tabak

By Vincent Boland

Pre-tax profits at Tabak, the Czech tobacco company con-trolled by Philip Morris of the US, more than tripled in 1994.

The company benefited from a crackdown on cigarette smuggling, a fall in bad debt provisions and the the opening of a new tobacco processing

Tabak said profits before tax rose to Kc1.74bn (\$60m) last year from Kc495.9m in 1993, on revenues up to Kc8.88bn from at Tabak's headquarters in

Kc6.3bn. Profits after tax the town of Kutna Hora. advanced to Kc932m from The crackdown on s Kc46m. Extraordinary provisions fell to Kc138m from Kc585.6m a year earlier. Profits for 1993 had been depressed by bad debts and uncollectible receivables stemming from Tabak's days as a communist

era monopoly producer. Profits were also boosted by higher domestic sales, a rise in exports to Slovakia and other countries in the region, and the opening of a \$32m tobacco processing facility last year

The crackdown on smuggling followed the introduction last year of compulsory fiscal stickers on cigarette packs in an attempt by the Czech gov-

ernment to counter lucrative

cross-border trafficking. Mr Michael Parsone, of Philip Morris Central and Eastern Europe, said the the US company had been "quite vocal in calling on the government to address the contraband problem", and thet the introduction of fiscal controls had

Tobecco companies have spent heavily expanding into the region in the past five

Tabak had a near-monopoly of the then-Czecboslovak tobacco products market when Philip Morris bought it in 1992, and now controls some 75 per cent of the Czech market. The US company has paid

\$367m to buy 77.4 per cent of Tabak, modernise its production capacity and expand its range of brande. Its total investment in the company is

Surge in orders drives sharp rise at Dassault Aviation

By John Ridding In Peris

Dassault Aviation, the French aerospace group, has announced a solid rise in profits for 1994, with the net result for the year at FFr328m (\$68.4m), compared with FFr245m in 1993. The result was achieved on consoli-

dated sales of FFr12.6bn, compared with Just less than half the sales came

from the export market, while 41 per cent of revenues were derived from commercial activities, the company

The year showed a strong increase in the order book. According to Dassault, new orders rose 38 per cent to FFrisbn. Of these, about FFr11bn came from military sales, FFr5.9bn from civil aerospace activities, and FFr1.1bn from

In the military sector, the order book

benefitted from a contract for 12 Mirage 2000-5 combat aircraft from Qatar. The contract is worth about FFr3.5bn.

Mr Serge Dassault, chairman, also referred to the progress of the Rafale combat aircraft programme. He said the first aircraft should be delivered in In the civil sphere, the company has

seen strong demand for its Falcon busi-Last year, Dassault sold 45 Falcons,

22 in 1992.

The company says it has between 45 and 50 per cent of the market for toprange executive jets, a market which analysts say is reviving after a period of sharp contraction.

Reflecting the improved performance and outlook, the company announced it was raising the dividend. The increase takes the payout to FFra.50 a share from FFr7 in 1993.

Annual figures 1994

(in millions of guilders, except amounts per share)	1994	1993	%
Result before taxation:			
- insurance operations	1,834	1,526	20.2
- banking operations	1,509	1,338	12.8
Net profit	2,302	2,029	13.5
Profit per ordinary share	8.73	8.04	8.5
Dividend per ordinary share	3.75	3.49	7.4
Total assets	358,670	339,441	5.7
Shareholders' equity	21,758	21,481	1.3

- 1994 was a good year for ING Group. Net profit increased by 13.5% to NLG 2,302 million. and by 12.7 % to NLG 2,256 million after deduction of the dividend on preference shares.
- On the insurance side, life profit rose from NLG 829 million to NLG 953 million (+15.0%). The non-life result increased by 54.5% to NLG 295 million.
- On the banking side, the interest result showed a significant increase due to the considerable improvement of the interest margin: NLG 6,291 million compared to NLG 5,448 million (+15.5%). Commission income increased by 10.3% to NLG 1,387 million. The result from financial transactions was disappointing: NLG 34 million as against NLG 770 million.
- Shareholders' equity showed a fractional increase from NLG 21.5 billion to NLG 21.8 billion. · Good progress was made in 1994 in utilizing the opportunities for synergies between the
- banking and the insurance operations in the Netherlands.
- In view of the many changes in a number of the markets which are important to the Group. the Executive Board cannot make a profit forecast for 1995 at this time.



mernationale Nederlanden Group, P.O. Box 810, 1000 AV Amsterdam, tel.: (+31) 20 541 5471, fax: (+31) 20 541 5451.

Notice of Payment of Principal Installment and Interest

Siderca SALC.

(INCORPORATED IN ARGENTINA)

10% NEGOTIABLE OBLIGATIONS — CLASS 1991 Notice is hereby given of the payment on May 8, 1995 of the sixth installment of principal and the seventh payment of interest on the 10% Negotiable Obligations - Class 1991.

The payment of the principal installment will be equal to 11.11% of the fact value of the Negotiable Obligations.

For the 182 day (360 day basis) Interest Period from November 7, 1994 to May 8, 1995 interest will be payable in US Dollars per \$1,000 denomination, \$224.72; per \$10,000 denomination, \$224.72; and per \$100,000 denomination, \$2,247.19.

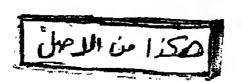
The corresponding payment of principal and interest shall be effected upon presentation of Coupon No. 7, as of May 8, 1995, to the respective

The Bank of New York 46 Berkeley Street London WIX 6AA, England

45 Berkeley Street
London WIX 6AA. England
Between 9:00 a.m. and 4:00 p.m.
Between 8:30 a.m. and 4:30 p.m. Banque Bruselles Lambert
Ave. Marin 24
B1050 Brusels, Belgium
Between 9:00 a.m. and 4:00 p.m.
Between 10:00 a.m. and 3:00 p.m.



(Payment in Buenos Aires requires five Business Days prior Coupon BANKOF The Bank of New York
YORK as Fiscal Agent



arm

WEDNESDAY APRILS

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French bank sells two Londo branches

By Andrew Jack in Page and Alison Smith Credit Lyonnais, the a making French bank has thoused its withdrawal her personal banking within the personal banking within

of two Lordon brancists Bank of ireland. One of the two - ble Regent Street - WE to London branch opened he orersees bank. The transfer will the

BERT MORE. WHEN the and Banties all pers of Bank of Ireland's Ca operation. The deal has to invoire deposit de £100m (\$153.4m), and ver figure of Pressar's to a nerwork to 27. Bank of Priend bire; passentes, total or pr

therei trade there atte experience will fil refe its surplests or milita Credit Lyonnais' der The LE personal been appropried that the personal law arrange it decided the same : week continues and 42 leaving the manner Pas tritter profitt! THE PROPERTY OF THE PARTY IN BEER Whole said a for . Borever it comme martattes as a tre aperation and medicates temperies aith a Im

Walt Disner names new financial ch

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who will be majorated ಕ್ಷಮಾರ್ವ ಬಿಡು ಕಡು executive ret produc-Hand Married the 32 The same of the same of the last

FINANCIAL TIMES WEDNESDAY APRIL 5 1995 *

COMPANY NEWS: UK

Amersham | Purchase of LeRoi and Fabex will double its share of the market disposes of £39m US expansion for Siebe Hy-Lite to

Siebe, the controls group,

yesterday announced a big axpansion in North America By Motoko Rich with the acquisition of its first US fluid systems business and Amersham International, the a compressor manufacturer health science group, has sold its environmental assays divithat will double its market share in the region. sion for more than £5.5m

E Merck

LabM, its traditional micro-

biological testing business

acquired in 1989, to an undis-

closed purchaser.
The sales conclude the

announced withdrawal from

the environmental assays sec-

tor. Mr Kirk Stephenson,

finance director, said: "Wa did not feel we were well placed to

exploit the technology because

our customer base in environ-

mental assays is so different

from the customer base in our other businesses."

Environmental assays are

used by food manufacturers

and water treatment compa-

nies. Amersham's core busi-

nesses are life sciences, which

supplies chemical reagents to

laboratories, and healthcare.

which produces radioactive

products for diagnosis, pain

therapy and cancer treatment.

The combined consideration

£100m (\$160m) in a capital

restructuring programme

which will bring in two-new

The company is in advanced negotiations with Hallmark Entertainment of the US and

US West, the American tele-

phone company with cable

television interests in the UK.

If the deal is finalised, Hall-

mark and US West would each

Flextech; which last year hought a 20 per cent stake in

HTV, the ITV company for

Dalgety £11.8m buy

Dalgety, the food and agribusi-

ness group, has bought PAC, a

privately owned food ingredi-

ents business based near Milan, Italy, for £11.8m (\$19m) cash: PAC has turnover of

It supplies seasonings and

mixes to the Italian processed

meat and pasta industries and

will become part of Dalgety

Thames Water sale

Thames Water has completed

the sale of its Permutit water treatment businesses to US Fil-

For the year to March 31 1995, the companies bad a combined turnover of £13m with operations in the UK,

Australia, New Zealand and

ter Corp for £6.3m (\$10m).

£14m and assets of £5m.

Food Ingredients.

Wales and the west.

shareholders.

Tha group said its agreed takeover of LeRoi, the Ohio--E Merck, the German pharbased compressor company, and Fabex, a Michigan compo-nents supplier, would strengthen its global presence in those industries. It is paying £20.6m (\$38m) for LeRoi and maceuticals and chemicals company, has bought Hy-Lite, the rapid method microbiological testing business. The sale includes future products under development and intellectual £17.2m for a 60 per cent stake property rights.

Amersham has also sold in Fabex, with a commitment

ment's 40 per cent holding by the end of the decade.

"This signals that we want to be a global player in all our core engineering sectors," said Mr Allen Yurko, Siebe's managing director and chief executive. Shares in the group rose 10p to 558p after he announced the deals, which will be funded from cash reserves.

Following the takeover, LeRoi will be integrated into Siaha's CompAir division, while Fabex will become the US bridgehead for Tecalemit, its international hose and flmid systems manufacturer. The companies, both pri-

to buy the existing manage- vately owned, last year of £1.9m and £1.8m respec-

Although they are not expected to be large contributors to group profits - expected to reach £275m (£217.2m) for the year to March 31 - Mr Yurko said they would enhance its access to Latin America and push its share of the US compressor market to 6 per cent.

"There will not be a big restructuring or redundancy programme," he added. "But we will want them to achieve the 10 per cent organic growth targets that we've set for the



Allen Yurko: enhancing its

US growth boosts JBA

£26.23m.

By Christopher Price

JBA Holdings, the software company which came to tha market in June last year, increased pre-tax profits by 33 per cent from £4.61m to £6.13m (\$9.80m) in 1994 as it benefited from increased sales and new product initiatives.

Turnover rose 22 per cent from £74.5m to £90.7m. There was a particularly strong return from the sale of product licences, with revenue jumping the most significant recent | 45 per cent to £35.02m. Most of

the increase came from the US, where turnover increased 35 per cent to £37.03m. Maintenance revenues rose hy a simi-lar amount to £11.43m. However, turnover in the software support systems divi-

aion slipped 11 per cent to

The downturn in the software support area was most marked in the UK, where turnover was virtually static at £35.22m. However, Mr Vickery said: "We believe the situation

business will begin to show a slow improvement this year." The group was pursuing a number of overseas alliances and acquisitions, most notably

currently conducting due diligence on Ratioplan, a German software company. During the year, it had also bought an Australian computer concern, Disposals included its Span ish subsidiary to management for a small sum and the pres-

ent negotiations for the sale of

in the UK bus industry, which is currently undergoing a post-privatisation shake-up, but the potential for overlap in local markets is great. Stagecoach, the market leader with a 15

ing round for further acquisitions.

Badgerline

per cent share in the UK, has already ventured

Ultimately, FirstBus will have to follow. The alternative, expansion into new markets within the UK, has also been considered. But gests that enthusiasm for rail passenger fran-chises may now have waned.

Huntingdon Intl sells in US

LEX COMMENT

Bus groups merger

Huntingdon International Holdings, the ossmaking life sciences group, is selling its US engineering and environmental services business to Maxim Technologies of the

UK's second largest bus company has the fla-

vour of a reverse takeover. Although GRT is

the smaller of the two, its strong record is the driving force behind the transaction. Tha

appointment of Mr Moir Lockhead, its chair-

man, as chief executive of the new company

suggests that operational control will fall to

him. To date, businesses brought under GRT's

management have achieved operating profit

margins of about 15 per cent within two years.

There is every chance that FirstBus will repeat this feat, pulling up Badgerline's mar-

gin from less than 10 per cent.

Both sets of shareholders stand to gain from

more than the substantial economies of scale.

Badgerline will benefit from more aggressive

management, while GRT will have another

\$223m of turnover to work on. This means that

there is plenty of room for earnings growth in

the next few years, without immediately cast-

There is still room for further consolidation

Maxim will pay Huntingdon \$14m as well as issuing the UK company warrants to acquire 5

Huntingdon has been trying to sell its US business since last year. After initially failing to find a buyer, the company had planned to reorganise the unit. But it said yesterday that it had concluded there was little prospect of reducing

Huntingdon's shares firmed 3p yesterday to

the unit's losses.



General Accident

EXCELLENT PROSPECTS FOR 1995

Year Year to 31.12.94 to 31.12.93 Audited Audited **General Premiums** 4,253.2 4,181.8 Life Premiums 887.3 866.1 **Underwriting Result** (70.6)(229.0)**Life Profits** 53.3 428.3 .294.9 **Profit before Taxation Ordinary Dividends** 131.4 124.1 5,800.3 5,818.3 **Technical Reserves** 608.2 Cash Flow from Operations 467.6

Commenting on prospects in his Operational Review of 1994, Nelson Robertson, Group Chief Executive, says:

Whilst we anticipate an increasingly challenging operating environment for our UK general insurance and life assurance businesses, we believe that the various initiatives we have taken and continue to take will enable us once again to record good performances in our home markets.

These, together with further gains anticipated in the United States and improvements in other important areas of our business provide excellent prospects for our operating performance in 1995. "

General Accident plc

General Accident plc, World Headquarters: Pitheavlis, Perth, Scotland PH2 0NH A copy of General Accident's 1994 Annual Report can be obtained from the Company Secretary at the above address.

Bus merger would have 13.5% of **UK** market

Badgerline and GRT, two of the UK's four quoted bus companies, plan to merge, creating the country's second largest bus operator.

Their decision to combine is move in the rapid consolidation of the UK bus industry. The new company, to be

called FirstBus, would have a market capitalisation of £265m (\$424m), annual turnover of £348m and a fleet of 5,600 vehicles. It estimates that it would have a market share of 13.5 per cent, putting it closely behind Stagecoach. Mr Moir Lockhead, GRT's

chairman, who would become chief executive of FirstBus, said yesterday: "Given our strengths, we can become the strongest group in the sector." The Office of Fair Trading said it would analyse the deal to see if it was anti-competitive. The companies said, how-

ever, the merger would not cause competition problems because there was no significant cross-over of business. Aberdeen-based GRT is strong in central Scotland and in the east Midlands, while

Badgerline's main operations are in the west of England and Yorkshire. The merger plan was greeted angrily by the Labour Party

tion of the bus industry. Mr Michael Meacher, opposition transport spokesman, said: "If you have five or six large companies and two of them merge that is a serious move towards -Analysts said-that the deal was a good fit, combining

Badgerline, whose shares hava performed sluggishly since flotation in November 1993, with the more dynamic GRT which came to market six months later. GRT's operating margins are 14.7 per cent, against Badgerline's 9.5 per cent GRT estimated that pre-tax

profits in the year to March 31 would be £8m, up from £4.4m. Badgerline reported 1994 pre-tax profits of £16.7m, against a loss of £930,000.

After the merger, which is expected to become effective in June, Badgerline shareholders will own 68.6 per cent of FirstBus and GRT shareholders 36.4 per cent. Mr Trevor Small-wood. Badgerline's chairman, will take up the same position in FirstBus Shares in GRT rose 13p to

the United Arab Emtrates. The Permutit operations in Egypt and South Africa do not 269p and Badgerline shares were 5p higher at 138p. form part of the deal.

> PAN-HOLDING Société Anonyme Registered Office: Luxembourg R.C. Luxembourg: B 7023

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

The shareholders of PAN-HOLDING S.A. are invited to attend the

ANNUAL GENERAL MEETING

which will be held at the Company's registered office at 7, Place du Théâtre, Luxembourg, at 3.0'clock p.m. on April 25, 1995, with the following agenda: 1. To accept the Directors' report and to approve the

financial statements and accounts for the year ended December 31, 1994. 2. To approve the appropriation of the results, to

declare a dividend and to fix its date of payment. 3. To grant discharge to the Directors and to the Statutory Auditor for the proper performance of their

. To re-elect Directors.

5. To fix the Directors' emoluments for the year 1994. 6. To fix the Statutory Auditor's emoluments for the

The bearer share certificates may be deposited with a bank or financial institution acceptable to the Company. The corresponding deposit certificates should be forwarded to the Company, P.O.B. 408, L-2014 Luxembourg, so as to reach them not later

than April 19, 1995. The owners of registered shares need not deposit

THE BOARD OF DIRECTOR

for the disposals is £5.5m, with an earn-out based on sales of Hy-Lite and future products arising from 1997-98. Amersham expects a pre-tax gain of £2m in 1994-95, after asset write-offs, provisions and rec-ognition of the £1.3m goodwill previously written off on the acquisition of LabM. Flextech restructure Plextech, the media group, is believed to be on the verge ofraising between £90m and

Put The

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THE STATE OF THE STATE OF THE STATE OF BARRINE SETTERS MICH

viation

(A Subsidiary company of "E.T.B.A. A.E.")

ANNOUNCEMENT

OF A REPEAT PUBLIC AUCTION FOR THE HIGHEST BIDDER FOR PURCHASING THE ASSETS OF "GABRIEL - SPINNING & WEAVING MILL OF NEO PHALERON A.E." NOW UNDER SPECIAL LIQUIDATION

GREEK EXPORTS S.A., established in Athens at 1.7 Panepistimous Street, and legally represented, in its capacity as special liquidator of GABRIEL - SPINNING & WEAVING MILL OF NEO FHALERON A.E., in accordance with Decisions No. 854/1.12.1994 and 74/23.1.1995 of the Piracus Court of Appeal, and following the written statement (Ref.No.974/EX/23.3.95) of the creditor of para. 1 of art. 46a of Law 1892/90 to the effect that the offers submitted were deemed unsatisfactory by the creditors and, in accordance with para. 11 of

a Repeat Public Auction for the Highest Bidder for the purchase of the rotal assets, either as a whole or each of the four separate indicated below, of the company emitled GABRIEL - SPINNING & WEAVING MILL OF NEO PHALERON A.E. (established Athens-Piracus Street at Neo Phaleton, Artica) within the framework of article 46a of Law 1892/1990, supplemented by article 14 (2000/1991 and modified and completed by article 53 of Law 2224/1994.

ACTIVITY AND BRIEF DESCRIPTION OF THE COMPANY

ACLIVAL I AND DESIGN DESCRIPTION OF LIFE COVER AND STATE AND DESIGN AS A WEAVING MILL OF NEO PHALERON A.E. is a perpendientar and adaptable spinning and weavit which produces synthetic, mixed and woulen yarms, clothing material and knitwear. It has a dyelog - finishing installation for material knitwear, substantial rechnical know-how and a constant presence in the fashion market where it has a good reputation. The company's assets for sale counsist of the following four 14) self-contained units which are for sale either as a whole or each separties fruity; The company's main factory building (uppinning & wearing mill) situated on 76 Athens-Piracus Street at Neo Phaleron. Second-entity: The factory producing woollen and synthetic yarms is the Nea Lampsake area of Challes.

Third entity: The factory producing woollen and synthetic yarms is the Nea Lampsake area of Challes.

Dirid entity. The factory producing wooden and symmetre yards as the Next Linux. See Sec. Described in the Confidential Offering. Detailed Information on the company's assets included in each entity is to be found on pages 35-36 of the Confidential Offering. Detailed Information to which you are referred. It is to be noted that at the "GABRIEL" rade mark, the total claims by the company as well as the furniture and confident in the Thesisololik agency and in the Kalithea warehouse are included in the assets of the first entity and by the machinery 158 spindles, etc.) which is in the factory of PIRAIKI-PATRAIKI CHALKIS WEAVING MILL A.E. is included in the

TERMS OF THE AUCTION

- Interested parties are invited to receive from the Liquidator the Confidential Offering Memorandum dated 2/2/1995 and the draft Letter of Guarantee in order to submit a scaled, binding offer to the Kalibhea notary public assigned to the suction, Mrs. fortism Merfonion (24 Hardacu Trikoopi Street, Athens, 5th floor Tel. & Fax: +30-1-30-2.6788) up to 1200 hours on Thursday 27 April, 1995. Offers must be submitted in person or by a legally authorised representative. Offers submitted beyond the specified time limit will not according to considering.
- a opened before the above-mentioned notary on Thursday 27 April 1995 at 1300 has baving submitted offers within the time limit are also entitled to attend.
- Each interested investor can submit either one bid for all the elements of the company's ass
- The offers must state clearly if they concern the whole of the agerts or separate entities, the offered price and manner of payment (to cash so on credit, the number of instalments and when they are to full due, etc.] If there is no mention of a) the manner of payment, by whether the instalments will bear interest or not, then it will be assumed that a) the anomat will be paid to cash, and that b) the instalments will bear interest at the rate in force for Greek state bonds of one year's churation on the date of submission of the offer.
- On penalty of invalidity, offers must be accompanied by a letter of guarantee from a beak legally operating in Greece, of indefinite duration, to the amount of two hundred and ten million drachmas (Des. 210,000,000) if they concern the whole of the company's assets. If they refer to separate entities then the amounts are as follows: a) minery million drachmas (Drs. 90,000,000) if the offer concerns the main factory complex on 76 Athens-Firston Street at Neo Phaleston; b) Bifty million drachmas (Drs. 50,000,000) if it
- an vest Lampsana; castan, and of mile institution of the lambs of the assets for sale have been adjudicated falls in his obligation to appear and sign the relative contract within twenty (20) days of being invited to do an by the Unquidator, and abide by the obligation contained in the present announcement, then the amount of the guarantee stated above is forfeited to the Unquidator to cover expension. contained in the present announcement, then the amount of the guarantee stated above is forfeited to the Liquidator, and abide by the obligation of all kinds, time spent and any real or paper lens suffered by himself and by the creditors with on obligation on his part to prove evidence of such loss or consider that the amount has been forfeited as a penalty clause, and collect it from the guaranter bank.

 Return of letters of guarantee. Letters of guarantee submitted for participation in the auction shall be returned immediately all adiodication, except for the letter of guarantee of the highest bidder to whom it shall be returned on signature of the final contract.

 Prospective buyers must submit, together with their offer:
- A five-year business plan of action for the operation, modernmention and deve
- An investment programme; theight and type of new investments, time-plan for its implementation and manner of Personnel employment policy and programme (or guaranteed job positions (number, duration, time-plan).

 Data concerning the interested buyers with regard to their financial standing and their business activities to date.
- nes for the liquidator in)udging the offers are, among others, the following:
- The number of guaranteed job positions for at least the first five (5) years after signature of the cou
- The buyer's business plan and investment programme.

 The reliability, solvency and business experience of the prospective buyer.
- Any benefits accorded by the prospective investor to the unit's personne
- ntees provided by the buyer for any part of the sale on credit and for other obligat
- 111 Prospective buyers of the three factories, with their offer, must undertake the obligation to keep the units of
- 12) For securing the payment of any amount on credit and all points contained in the business plans of prospective buyers (job posi-
- beight of investments, time of starting, etc) to well so other terms agreed upon, the buyer must accept relative clauses and provide guarantees which will ensure adhetence to all undertakings. In order to secure any part of the payment on credit (beyond the other guarantees provided) the buyer shall deliver to the liquidating company a letter of guarantee from a bank to an unrount of at least 20%. 13) The Company's assets and all the separate fixed and circulating assets that make them up, such as immovables, mo
- Whenever the company is operating or not.
 The Liquidator, the Company under liquidation and its creditors who represent 51% of its total obligations, are not liable for any legal or actual faults or are incomplete or inaccurate description of the assets for sale in the Offering Memorandum.
 Interested buyers must, on their own responsibility and due care, and by their own means and at their own exponses, inspect the object of the sale and form their own judgement and declare in their bids that they are fully aware of the actual and legal condition of the
- assets for sale.

 161 The Liquidating company and the Creditors bear no responsibility or obligation towards participants in the auction, both with regard to the evaluation of the bids, the selection of the highest bidder, the decision, if any, to cancel or repeat the auction and any other decision in general regarding the procedure and execution of the auction. The submission of a binding offer does not imply any right in the adjudication of the sale and, in general, participants do not acquire any right, cleim or demand from the present annumement and from participation in the auction, against the liquidating outquary or the creditors for any cause or reason.

 17) All costs and expenses of every nature for participation in the auction and for the transfer of ownership, as well as all taxes, duties, dues, state fees or third party fees that may be imposed (beyond the exemptions forescen by law) relating to participation in the auction and to the sale contract, anything following the sistle transferious and any other acts, are porne exclusively and alone by the
- interested buyers and the highest bidder respectively.

 181 Participation in the auction implies acceptance by the prospective buyer of all the above terms of the present announcement.

 193 The present announcement has been drafted in Greek and in English in translation. In any event, the Greek text shall prevail.
- For any further information and for the Confidential Offering Memorandum, interested parties may apply to:
- 17 Panepistimiou Street (1st ffoot), Athens, Greece, Tel; +30-1-324,3111 115 Fax: +30-1-323,9185
- INDUSTRIAL RECONSTRUCTION ORGANISATION, 234 Syngrou Ave. Athens, Greece, Tel: +30-1-952.5540-9 Fax: +30-1-956.8788.



United Friendly Group plc

RESULTS FOR THE YEAR ENDED 31 DECEMBER 1994

- Pre-tax profits up 83% to £47.6 million.
- Total dividend increased by 21% to 20.0p.
- £15.8 million improvement in general business underwriting result to profit of £9.2 million.
- Life profits 56% higher at £26.8 million.
- New life and pensions annual premiums up 57% to £33.5 million.
- Total gross premium income increased to £328.6 million.

	1994 £m	1993 £m
Premiums — Life	234.8	219.3
General	93.8	104.1
Life business result before tax	26.8	17.1
General business underwriting result	9.2	(6.6)
Shareholders other income less expenditure	11.6	15.5
Profit attributable to shareholders	32.2	17.3
Dividend per share	20.0p	16.5p
Earnings per share	39.3p	21.2p

The figures for 1994 are subject to completion of audit

The board recommends the payment of a final dividend of 13.9p per share to be paid on 30 May 1995 to shareholders on the register at the close of business on 12 May 1995. The notice for the annual general meeting to be held on 28 May 1995 and the 1994 annual report and accounts will be sent to shareholders on 25 April 1995. Copies of the annual report may be obtained from the Secretary

United Friendly Group plc, 42 Southwark Bridge Road, London SE1 9HE Telephone: 0171-928 5844 Fax: 0171-261 9077

COMPANY NEWS: UK

No betting on the photocopier race

James Whittington looks at the rival bids for the once-despondent Southern Business

uess Group preseuted its annual results in January, analysts sensed an uncharacteristic feel-

A glum Mr David McErlaine, chief executive, described the previous year as the most traumatic the photocopying sector

Having been mauled by recession and a critical Office of Fair Trading report in March 1994, the photocopier and vending machines supplier unveiled a 41 per cent slump m pre-tax profits to £7.2m (£12.2m) and said there was bttle prospect of organic growth. Three mouths on, things

have perked up. The group's shareholders, of which the management makes up 8 per cent, are being wooed by two, possibly three, compa-nies in a takeover race which has raised ayebrows in the

At the end of February, after a week of rumours about possible buyers from across the Atlantic, Berkeley Business Group, a UK business services company, made a surprise offer which was recommended by Southern's board.

Although Mr Alan Baldwin, Berkeley's chairman, was not new to the City - he previ-ously beaded Securiguard before it was acquired by Rentokil in 1993 – analysts were unsure what to make of the offer and Berkeley's share price dropped 27 per cent on the day of the announcement. The bid valued Southern at

Sharp rise

to £83m

By Kevin Done

for Rover

Motor industry Correspondent

Rover Group, the UK subsidiary of BMW of Ger-many, more than doubled its

profits before interest and tax

last year from £38m to £83m

(\$133m) ou a comparable basis.

ously announced operating

profit of £56m for 1993 had

been restated to reflect

changes in accounting princi-

Rover increased its unit

sales by 11 per cent last year to 475,500, the highest since

1989. Sales of Rover and Land

Rover models outside the UK

increased by 22 per ceut to

dent for 54 per cent of its total

sales volume on the UK mar-

ket, where sales rose by only 3

Rover production rose by 16

per cent to 478,600 last year,

excluding 8,726 Honda Concer-

tos produced for the Japanese Output for Honda is being pbased out as the Japanese group raises output at its own

The management of Melfin (UK), the Nottingham-based vehicle seating manufacturer. is staging a £17.5m (\$28m) buy-out from Elcat, its Italian Equity funding has come from NatWest Ventures and senior debt and working capital from National Westminster

Bank, Melfin, which employs a workforce of 800 and bas annual sales of £50m, is chang-

ing its name to Tricom Auto-

per cent to 256,200.

UK assembly plant.

Elcat sale

The company said the previ-

hen Southern Busi-uess Group pres-cash and 3.5 newly consolidated Berkeley shares for

every 10 shares in the target, at the day's closing price. Less than a month later, the original rumours proved correct when the acquisitive Danka Business Systems, which is listed in London but has 90 per cent of its sales in the US, joined the fray with a 70p cash offer valuing othern at £67.6m.

Southern's management immediately switched its allepreferred a cash rather than paper exit and fuelling specula-tion that the Berkeley offer was merely designed to "flush the big boys out".

Last week such conjecture was reinforced when Alco Standard Corporation, Danka's rival in the US, said it was "interested" in making an offer for Southern.

Some in the City are emused by all the fuss being made over Southern. Once the doyen of the USM after years of record profits and a rocketing share price, the company has since become

embroiled in controversy over its leasing contracts and accounting practices. In response to the OFT report, it had no choice but to reduce its standard leases from nine to five years and untangle some of the small print in its

contracts. "The company had to reverse its operational philosophy over the last two years. It cleaned up its act and sacked some of

By David Wighton

Pilkington, the

the two companies.

manufacturer, is to pay US

rival PPG Industries \$50m as

part of an agreement to end a 10-year legal dispute between

Both have agreed to dismiss

all actions on the basis of no

The payment represents the

finding of fault on either side.

reimbursement of the damages and costs it was awarded by

the UK courts in 1992 together

with interest and a payment

towards balancing the legal

Mr Andrew Robb, Pilking.

ton's finance director, said the

agreement was reached after

the companies realised that the

least another two years while

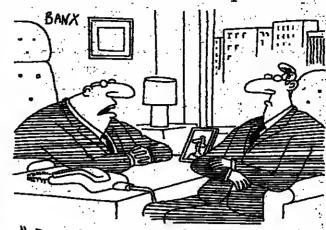
the costs escalated.

ute would drag on for at

"It became clear that the profit.

costs incurred by both parties.

£50m to end dispute



" DO YOU SUPPOSE SOUTHERN WOULD SELL US A PHOTOCOPY OF THEIR LEASE BOOK?

its more unscrupulous sales staff, but as a result its profits crashed," said a competitor.

The attraction to Southern's bidders, however, is not its image but its "lease book", which some analysts value at Unlike other photocopying

companies in the UK, Southern prefers to keep its 10,000 -mainly Canon - photocopying machines as assets, which are repaired and refurbished whenever necessary.

Berkeley has said it would

sell the lease book to a third party if its bid were successful. We would move away from leasing towards selling the machines, which would release a lot of cash," said Mr Andrew

chances of either side coming out the winner were pretty

low. Both sides just looked at

each other and said 'this is

The dispute has cost Pilking-

tou more than £30m over the

incurred in the past year.

past decade, of which £8m was

Pilkington started the action

when it alleged that PPG had

used its glass technology in

China without o licence. PPG

responded by alleging that Pilkington had violated US

anti-trust laws with respect to

float glass production technol-

Pilkington will include the

£31m, before tax relief, as an

exceptional charge in its

accounts for the year to March 31 1995. The 1992 payment

included some damages, but

Pilkington never took them as

ridiculous'."

ogy and sales.

Although there would be a deferred tax charge of between £15m and £20m on any sale, this would help fund the company's offer, which requires about £50m of bank debt.

Danka, which leases three quarters of its 20,000 Toshiba and Minolta photocopying machines through a third party, says it has uo intention of selling the lease book as a

"We'd offer our customers the choice of either in-house or third party leasing," says Mr Martin St Quinton, chief executive of European operations. Mr Ian Crabb, managing director at Erskine House, Alco's only acquisition in the UK, says a small percentage of lts 30,000 Canon and Sharp

photocopier contracts are less. ing arrangements.
But he would not be drawn into speculation on what Alco platinur

me smel

MELLY ELECTIVE

E ...

to the state of th

would do with Southern's busi ess. Few analysts are prepared to bet on who might win what is likely to be a three-horse race. With group turnover of

about £500m for Danka and more than £5bn for Aico, both have the financial cloud to raise the stakes Soutbern's turnover £53.5m last year would add to Danka's annual sales of £40m and Alco's of £65m in the UK making either one by far the largest independent supplier of photocopy machines.
For Berkeley, however, it is

more of a make or break situation. The group's main activi-ties are Captain Cargo, an overnight freight delivery service, and servicing about 11,000 mamly Sharp - photocopiers. Group turnover is about 230m and it is estimated to have incurred a small loss last year Mr Baldwin says "we would just look around for other acquisitions" if It should lose

the hid. Analysts believe Alco will improve on Danka's cash offer within the next two weeks. Depending on Alco's offer, they also expect Berkeley to increase its bid. Berkeley's share price suffered a further fall last week which, at 50p yesterday, reduced its cash-and-share offer to 69%p per share, just below Danka's bid. Southern, meanwhile, is just sitting tight and smiling.

Pilkington pays PPG | Pittencrieff | PowerGen Resources ... at £1.05m

Pittencrieff Resources, the oil and gas company formed in June last year when Pitteucrieff demerged its natural resources division from its USbased telecommunicatious business, reported pre-tax profits of £1.05m for the seven months to December 31.

share. Since June some £7.7m had. been spent on capital investment, the company said, of which £3.3m was funded by internally generated cash flow with the balance from cash resources and bank borrow-

of 35.7 per cent.

to invest in Indonesia

The outcome was struck on turnover of £7.34m and after. interest payable of £657,000. Earnings came out at 1.82p per

PowerGen, the electricity generation company, is expected to invest about £70m by the end of the century in a joint venture project to build a 1,200MW power plant in Indouesia. It takes to £200m the amount of money it has committed to investment overseas. PowerGen is taking a 35 per

cent stake in PT Jawa Power, which will build, own and operate a coal-fired power station at Paiton. Capital costs of \$1.6bn will be project financed. Other partners are Siemens of Germany, which will have a 50 per cent stake, and PT Bum-

will have 15 per-cent ---Net debt at the year end was PLN, the national electricity £15.5m, representing gearing company, under a 30 year of 35.7 per cent.

ipertiwi Tatapradipta, which

				n-tax			Current	Date of	 Dividends Corresponding 	Total for	Total last
····	Tjurpij	vor (Exp)	prof	t (E)(p)	æ	S (p)	. payment (p)	payment	dividend	year	year -
Allied London Props	12.1■	(10.500)	5.89	(5.75)	4.7	(4.5)	1.8	Juty 3	1.8		3.88
Argent * Yr to Dec 31	11	(12.72	2.7	(3.86L)	5.3	(9.7L)				·	- 1
Berndin	1.28	(0.931)	0.782	(0.485)	3.67	(2.01)	2.45大	May 12	1.2	. 2.45 1	1.2
Boxonore §	46.9	(32.6)	7.05	(4.45 \)	19.9	(19)	3.105	May .25.	2.75	4.48	4.
Breeks Service Yr to Dec 31	26	(23.9)	0.71	(0.32)	4.08	(3.13)	1.5	May 30	1	2.25	1.5
Clinical Computing Yr to Dec 31	1.47	(2.64)	0.69L	(1.13)	4.3L	(9.07)				•	
2LS Yr to Dec 31	24.5	(15.9)	122	(2.321.)	15.7	(3.6L)	2.95 .	May 31		3.35	
Dagenham Motors Yr to Dec 31	227.6	(187.3)	4.09	(2.35)	11.4	(8.7)	5t	May 26	4.5	7	6.25
tome Counties News Yr to Dec 31	26.6	(24)	1.88♥	(0.459)	10.74	(4.59)	3	May 22	2.5	5.5	4.5
AWS 6 mths to Jan 31	226.5	(218.2)	3.47	(2.03)	2.05	(1.47)	1.265 ·	June 22	1.15	•	2.415
IBA Yr to Dec 31	90.7	(74.5)	6.13	(4.61)	12.13	(10.19)	2.5	June 9	-	-	
Malaya § Yr to Dec 31	170.5	(49.7)	0.617	(0.378L)	0.9	(0.5L)	0.15	May 19	តារី	0.4	nli :
Iwen & Robinson Yr to Jan 31	23.5	(21.6)	8.13L	(0.111)	32.93L	(0.48)	• •			-	-
Pittamorieff Res 7 untils to Dec 31	7.34	(+)	1.045	(-)	1.82	(-)				_ `	
Rea Brothers	-	()	1.16	(2.05)	2.01	(4.05)	0.5	May 22	0.45	1	0.75
Style Yr to Jan 28	164.6	(132.1)	6.52	(2.55)	17.24	(12.1")	. 7	Oct 2	2.66*	7	2.66
Surget + Vine 4 6 miles to Dec 31	3.9	(2.34)	0.278	(0.256)	3.3	(3)	1.5	May 26	1.5	_	4 .
rafficeaster Yr to Dec 31	1.03	(0.823)	1.314L	(0.845L)	6.5L	(6.2L)	-			-	
Initied Friendly 4 Yr to Dec 31	-	(-)	47.6	(26)	39.3	(21.2)	13.9	May 30	11	20	_ 15.5
Fyrmura Yr to Dec 31	39.4	(38.3)	3.78	(3.28)	10.7	(10.34)	3.1	June 21	-	3.1	
				estable			Current	Date of	Corresponding	Total for	Total leaf
nvestment Trusts	NAT	7 (p)	Estate	gs (Cini)		(p)	payment (p)	bayment	dividend	year	year
GC US Smaller 6 miles to Dec 31	103.5	(109.2)	0.012L	(0.223‡)	0.021	(0.45 1				•	

IS HIMALAYAN FUND NV

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of 1S Himalayan Fund NV will be held at 10.00 a.m. (Dutch time) on Wednesday 26th April 1995 at Banque de Suez Nederland NV, Herengracht 320, Amsterdam for the following purposes: 1. To approve the Report of the Directors and the Accounts for the

year ended 31st December 1994.
To authorise the Directors to use the English language in the

mal report and financial statements.

re-appoint KPMG Accountants NV as auditors of the

To appoint Mr. D. de La Pommeraye as a Director of the Company.
To authorise the Directors to fix the remuneration of the auditors. Copies of the Annual Report may be obtained from the Administrator whose address appears below and Banque Indosuez. Indosuez House, 122 Leadenhall Street. London EC3V 4QH. The ordinary shares are listed on the London and Amsterdam Stock Exchanges.

NOTES

(i) A member shall only be entitled to attend and vote at the Annual General Meeting whether in person or by proxy if such member has deposited documentary proof of his shareholding at the offices of Banque de Suez Nederfand NV. Herengachi ND. Amsterdam not less than 48 hours before the time approach for the Annual General Meeting in respect of which the member shall be issued a receipt. This receipt must be presented to gain entry to the meeting save that such requirement will be dispersated with on the presentation of a certificate materd by Eurodeas or CEDEL SA, confirming that the bearer holds and shall continue to hold the number of shares specified therein up to the end of the Annual General Meeting.

(ii) Any member shall be entitled to attend and vote in person or by proxy at the (a) Any metator and above the company appoint one or more proxies to attend and, on a poll, vote instant of turn. A proxy, need not be a member of the company.

(iv) All instruments of proxy must be deposted at the offices of Banque de Suez Nederland NV. Herengrachi 320, Amsterdam not less than 48 bours belore the time appointed for the Annual General Meeting. The logding of a lorm of proxy does not prevent a member from attending and voring if he wishes.

The Administrator Netherlands Management Company BV Herengracht 320 1016 CE Amsterdam



5th April 1995

QUILMES INDUSTRIAL S.A. (QUINSA) 84 Grand-Rue, L-1660 Luxembourg Tel.: (352) 47 38 84/85 - Fax: (352) 22 60 56

Quilmes industrial S.A. ("QUINSA") is a Luxembourg-based holding company which controls 85% of Quilmes International (Bermuda) Ltd ("QUB"). Heinetten Brouwerijen N.V. owns the other 15% stare of Ol& and provides important services of technical assistance to the operating companies. QUINSA has been listed on the Luxembourg Stock Exchange, in US dollars, since July 1991.

OUINSA's operating subsidiaries are the leading brewers in Argentina, Paraguay and Uruguay and have continued to gain market share in Chilo during 1994. In Paraguay, OUINSA's soft drink business remains the undisputed market leader.

The consolidated not sales of QUINSA's operating subsidiaries for the year ended December 31, 1994 increased by 15.9% to US\$ 753.8 million as cumpared to US\$ December 31, 1994 increased by 13.9% to USS 733.8 million as emispared to USS 650.3 million in 1993. The bulk of this increase is the result of changes in beer and soft drink volumes. Beer volumes grew by 11.3% to 11,204,000 hl in 1994 as compared to 10.608,000 hl in 1993. Soft drink operations in Paraguay grew 9.5% to 2,062,000 hl from 1,863,000 hl. Net consolidated profit increased by 32.6% to USS 86.7 million in 1994 compared to USS 65.4 million in 1993 or a net profit per share of USS 1.27 vs. USS 0.96.

ed results for 1994 for QUINSA and its operating compe

School and the second second second	AMERICAN STATE OF THE PARTY OF	STATE OF THE PARTY	4 1233
Net Sales	753.8	650.3	503,8
Gross Profit	423.0	337.5	259.3
Operating Profit	183.8	140.6	95.7
Net Profit (includ, minority interest)	113.1	86.0	66.1
Net Profit	86.7	65.4	44.1
Gross Margin (%)	56.1	51.9	51.5
Operating Margin (%)	24,4	21.6	19.0
Nes Margin (%)	t1.5	10.1	8.8

The net profit of OUINSA (parent company) was USS 20 million in 1934 which is USS 0.2924 per share. The Board of Directors will propose to the Annual General Meeting of June 22, 1995 a net dividend of USS 0.30 per share up 33% from USS 0.225 per nted for fiscal year 1993.

ists that the current difficulties experienced in the financial markets in Latin America will result in a temporary slowdown on consumption rates. On the other hand, management also believes that the actions taken to increase productivity other hand, management also believes that the actions taken to increase and reduce fixed costs should partially offset these adverse developer consequence, expects OUINSA prospects for 1995 to remain favourable.

For the complete text of this release please ring (352) 47 38 84 or Fax (352) 22 60 56.

Dividends shown not. Figures in brackets are for corresponding period. After exceptional charge. VAlter exceptional credit. "Adjusted for sorty issue. #Foreign income dividend. 10n increased capital. SUSM stock. #Comparisons for 50-week period from incorporation. +Comparisons pro terms. erisions pro forma.

BRANDEIS LIMITED

nant to Section 175 of the Companies Act 1985 acts Limited ("the Company") hereby gives *The Company approved by writine annotation on .39th March 1995 pursuant to Section 173 of the Companies Act 1985 a payment out of capital for the purpose of the purchase by the Company of 9,585, 890 of its own ordinary shares of £1 each.

The amount of the permissible capital pagesest for the shares in question in US \$15,000,000 the shares in question in the processing and the The standary declaration of the direction and the auditors' report required by Spetton 173 of the Companies Act 1985 are evaluable for inspection at 4 Fore Street, London ECEP 2NN.

Any creditor of the Company may at any time prior to 3rd May 1995 upply to the court under Section 176 of the Companies Act 1985 for an order producting the preparent. Dated 3rd April 1995 Denne Hall, 5 Chancery Laws, London EC4A 1BU Solicitors to Branders Limited

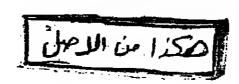
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COMMODITIES AND AGRICULTURE

WEDNESDAY APRIL Sig.

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boiled over yesterday after an early surge pushed it to a fresh 41/2-year high of US\$452.50 a troy ounce at London's morning "fixing". In the afternoon it was back to \$445.75, still \$3.65 up on the day.

MARKET REPORT

Dealers said professional buying on behalf of a client had prompted the initial rise. but once those ordera were filled buying had dried up. At the New York Mercantile

Exchange's, where platinum futures also retreated from morning highs, traders said there had been talk of a purchase overnight of 50,000 to 100,000 ounces by a large US commercial concern, although it was unclear if it was acting

The PLATINUM price rally LIME WARREHOUSE STOCKS (As at Montey's close) -11,450 to 1,188,300

Platinum hits fresh high

before rally boils over

-160 to 25,820 -3,925 to 235,975 -1,525 to 291,525 -438 to 121,986 -6,650 to 1,012,250 -290 to 22,205 on its own account. One trader noted rumours that the move was linked to a "fund play" on the gold-platinum spread. which extended to about \$60

before platinum hit resistance levels. He added that the position appeared to have been at least partially unwound. At the London Metal

during afternoon trading as markets prepared for today's key April option declarations. Traders said the declarations needed to be out of the way for

COPPER to find new direction. unhampered by the option stranglehold, which had kept prices in a \$2,900 to \$2,950 a tonne range for the three months delivery position, which ended after bours trading \$8 down at \$2,919.

based resistance between \$1,920 and 1,930 a tonne in the profit-taking in the afternoon.

ALUMINIUM ran into chart-

morning and was prevented from revisiting that area by Final business was at \$1,910. Exchange base metals con-tracts built on morning gains compiled from Reuters

CIS common agricultural market proposed

By James Harding in Kiev

The countries of the former Soviet Union have agreed to draw im a framework for a free trade area for agricultural produce

The Common Agricultural Market, as it will be called if the Russian draft legislation requested by CIS agriculture ministers is agreed, will remove tariffs on farm goods between former Soviet countries and establish a common

customs boundary. Mr Ivan Ushacbev, Russian agriculture minister, said the plan was an attempt to halt the agricultural decline in the region by stimulating internal demand and protecting farmers from subsidised imports.

"Unless we can put in place system of close co-operation present the plan, which

. - over 2m bectares - than

any other country. But its

inability to generate sufficient

surpluses is clouding the pros-

pect of the country achieving

its aim of trebling export earn-

As with many other Indian

crops, productivity of most

spices is too low; and to com-

pound the problem, Indians

themselves consume more

than 2m tonnes a year, the

The agriculture ministry

accepts that, as the scope for

bringing more land under spices is limited, the only way

India can step up supply is by

raising the productivity.
According to Mr T. Nandakumar, chairman of the Spices

Board, "the scope for bringing

about improvement in the pro-

ductivity of spices in India is

immense. Our black pepper

productivity does not stand in

comparison with either Malay-

sia or Indonesia. Similarly, we

are way behind Guatemala in

The principal reason is the

presence of a large number of

COCOA LCE (E/tonne)

cardamom productivity".

highest of any country.

ings to \$550m by 2001.

will be very difficult for our central funds for exchange rate agricultural sector to continue to exist," Mr Ushachev said.

However, US government eration in June. officials attending a conference of CIS and central European agriculture ministers and western agribusiness leaders in Kiev this week where Mr Ushachev announced the decision to draft legislation for a proposal long under discus-

sion, were sceptical. "Multilateral agreements in the CIS have been characterised by slow progress - and that is where they have got off the ground at all," commented one US Department of Agriculture official who worked on the common market proposal in its

infancy two years ago. Russian officials expect to stabilisation and intervention rate compensation, for consid-

By the end of the year, Mr Ushachev hopes to have a decision on the proposal, which would allow for a later rise in tariffs on subsidised agricultural produce from outside the CIS that threatened internal

A forthcoming report from the Organisation for Economic Co-operation and Development sbows that already by 1992, grain flows in the former Soviet republics were only 60 per cent of what they were in 1990; trade in vegetables had fallen to 50 per cent of what it was, meat to 36 per cent and

milk and dairy goods to 23 per

cent, explaining Russia's

India's spice exporters seek richer mixture

market

In Russia alone, the decline in demand has driven a 32 per cent decline in meat production between 1990 and 1994. Similarly in arable farming,

the loss of Soviet markets and contraction in domestic demand, resulting in lower and less reliable payments for farmers, has pushed down Russian cereal production to 81.2m tonnes in 1994 from 116.7m tonnes in 1990. Other former Soviet states.

Moldova, which have also seen significant falls in agricultural output, are understood to be in favour in principle.

such as Armenia, Georgia, Kaz-

akhstan, Belarus, Ukraine and

Some Baltic states, bowever. have reservations about the sovereignty implications and

with former Soviet countries, it includes the establishment of entbusiasm for an internal even Russian officials acknowledge that the next stage is likely to prove the most difficult.

Western agribusiness leaders, generally critical of the conditions for trade and investment in agriculture in the former communist countries. refused to be drawn on the politics of the proposal, but endorsed freer trade between CIS countries.

Mr Jürgen Berner, regional director for central and eastern Europe for Unilever, told the assembly of agriculture ministers, "The crucial requirement for securing investment is that you open up your borders with your neighbours. Everybody says they want to export their farm products, but you have to open your doors to imports to

Future of Pasminco's Dutch zinc smelter remains in doubt

By Nikki Talt in Sydney

The future of the Budelco smelter in the Netherlands. which produces about 5 per cent of the western world's zinc, remained in doubt yesterday, after a statement from Pasminco, the Australian zinc producer, explained that efforts to ensure that the facility could meet future environmental restrictions had been inconclusive to date.

Pasminco, which holds a 50 per cent interest in the 215,000 tonnes a year smelter said that discussions with CRA, another Australian mining company, over the supply of "clean" zinc concentrates from CRA's proposed new Century mine had been under way for some months. However, it added that no agreement had yet been reached on "satisfactory

terms". Budelco needs to assure the Dutch authorities that it will be able to receive low-iron zinc concentrates from Australia

from mid-1998 onwards, or will be forced to close tha smelter to stop the discharge of jaroslte, a calcium-containing hazardous waste that is viewed as a pollution threat.

In Melbourne, Mr Peter Barnett, Pasminco's chief executive, said that talks with CRA whose Century mine is said to be the only potential source of the required quantity of "clean" concentrates - were still continuing. He remained hopeful that the two companies would eventually reach agreement.

Mr Barnett declined to be drawn on timing, but Pasminco's formal statement noted that "if agreement on the terms for the supply of con-centrate cannot be achieved, closure of Budelco in mid-1995 appears inevitable". Mr Barnett acknowledged that this meant that a deal with CRA would have to be struck by mid-year, or the Dutch authorities would have to extend the

Pasminco added that an agreement to acquire's Royal Dutch/Shell's 50 per cent interest in the smelter, which produces around 5 per cent of western world zinc supply, was close to being finalised.

"Under the proposed agreement, Logam (through which the interest is beld) would contribute its share of the environmental expenditure required at Budalco. In addition, it would contribute about 50 per cent of the total costs of closure of Budelco, if the viability of Budelco, based on the concept of Century-Budelco linkage, cannot be confirmed over coming

Pasminco added said that negotiations over long-term power supply arrangements for the smelter were "at an advanced stage" and could be completed by the end of April. Pasminco's shares rose 2 cents to A\$1.42 after the statement was released, while CRA was also slightly firmer.

GRAINS AND OIL SEEDS

months," It said.

Kunal Bose on productivity and quality problems that are depressing earnings ndia has more land senile plants. In the case of dition, the high-yielding plants industry's biggest foreign devoted to spice cultivation cardamom, much of it is grown as an inter-crop or in bomestead gardens, which also con-

tributes to low productivity. The cardamom plants start becoming senile by the time they are 12 years old. Senility starts catching up with the pepper plants from the 15tb year. The challenge before the board is to sustain the nationwide campaign to replace the senile plants with high-yielding varieties and also educate the growers about the need for improving the quality of

spices," says Mr Nandakumar. The board has already introduced three high-yielding varieties of cardamom and four more are to be released soon. "It is important that we have several varieties of highly productive cardamom plants available with us," he explains.
"These are sensitive plants which grow well under specific climatic and topographic conditions. We have planned for the distribution of 500,000 plants to be produced through the tissue culture route during

Under the ideal growing con-

give a crop of up to 600kg of cardamom a bectare, compared with the present average Indian yield of 108kg a bectare. The board is aiming at a pro-ductivity of 200kg a bectare by the turn of the century. "We have done cardamom replantation in 24,000 hectares in the last eight years. We want to do replantation at an average annual rate of 2,500 hectares," says Mr Nandakumar. "The success of the cardamom productivity campaign also demands the provision of sustenance irrigation during the

raders say the board and the agriculture min-istry are giving so much importance to cardamom because it is the only high value spice of the 52 types pro-duced in India. Because of low productivity, Indian cardamom is undercut in the world market, but the traders believe the Spices Board campaign should allow them to compete effectively by the turn of the cen-

peak summer months,"

Black pepper, the India spice

Sett Day's Open price shamps High Low jut Vol

88,725 +0.175 88,750 68,050 25,258 7,035 83,725 +0.575 83,750 82,425 26,814 7,008

38,700 +0.150 38,750 38,175 4,136 1,682 44,225 -0.125 44,350 43,900 12,804 3,092 43,850 -0.175 5,089 43,400 2,899 676 40,775 - 40,950 40,600 3,443 500 41,350 -0.175 41,800 41,350 1,083 189

39,850 -0.125 40,350 39,550 3,782 40,250 -0.075 40,850 40,050 2,387 38,825 -39,950 34,825 756 51,400 +0.900 52,000 50,950 181 48,575 -50,575 48,575 18

61.300 +0.400 61.350 60.625 19,702 62.475 +0.300 62.500 62.000 6.633 84.225 +0.125 64.250 63.900 3.299

MEAT AND LIVESTOCK ■ LIVE CATTLE CME (40,000lbs; cents/lbs)

exchange earner - it contrib-uted Rs1.8bn (\$57.1m) to the also claiming a lot of attention at the National Research Centre for Spices and the Indian Council of Agricultural Research. The NRCS, which is the world's largest repository of spice germplasm, has several projects in hand to developing high-yielding pepper plants and its scientists believe it should be possible to raise the black pepper productivity at least six-fold.

India has a 39 per cent share of world trade in spices by volume, but only 11.5 per cent by value. In an effort to correct this the Spices Board, says Mr Nandakumar, bas decided to promote the cultivation of high value items like saffron - the present production is less than ten tonnes - vanilla, cloves and cinnamon.

In addition two varieties of paprika, are being grown on an experimental basis in Andhra Pradesb and Karnataka, and initial results are quite encouraging, according to Spice Board officials.

They point out, bowever, that with the importing countries setting increasingly stringent food safety and quality standards it has become imperative for the Indian spice exporters to give a lot more attention to drying, processing, storing and packing. The United Nations Development Programme has funded a project designed to raise the quality of Indian spices to the international level. The "Spice House Certificate" given by the Spices Board to the exporters is an assurance of quality.

As it will be some time before India will have sufficient export surpluses the board is encouraging traders to pay more attention to value-added exports. And board officials say this prospect has been given a boost by Mccormicks, the world's largest spice company, and Burns Philp of Australia deciding to set up shop in India.

At present, bowever, the export of value-added spices including spice oils and oleoresins, curry powder and paste, and spice powders is stagnant at around Rs1.5bn.

PowerGen to investi Indonesia

ASE META			Preci						þ
ONDON ME			a GOLT	Suit.	_	Troy o	e; sar		-
Prices from Amelger					(hey's charge	IAUA	low	Open	4
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	-	. S miths	The y	384.D	+0.2	-	-	100	
000	1905-8	1912-18	. Jan	395.1	+0.2	396.0	393.1	96,130	32
wous .	1863-4	1872-8	Amy	386.5	+0.2	398.0		19,648	
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delly turnover	67,769						_		_
LUMBRUM ALL		e) .	Apr	446.7	+8.6	446.5 454.0	4420	16,413	4
	1840-45	1840-41	Oct	457.0	+7.4	454.5	450.5	2,477	-
ous Ous	1825-35	1820-30	Jan	460.1	+7.4			727	
NA -		1847	Yotal -				-	22,212	
(ficial	1830-5	1835-40	IN PALL	ADIUN	NYM	00th X	Troy a	2; \$/tro	y o
cicoe		1840-5	-	177.50		177.75		20	
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daily turnover	_		Dec	180.50	+2.20	•	-	886	
D S per torine			Mar	165.50	-	-	-	160	
	602-3	<i>6</i> 16-7	Total					7,572	
	594.5-5.5	606-8.5 620/615	M SXLV		WEX (1	עסיו 100	OCT C	enteroro	y a
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1000 1000	- 000-7	819-20	May	529.7	-0.3	537.0		54,092	
ĩ.	36.238			535.4	-0.1	542.5 547.5		21,178	3
ally turnover	5,179		Sep Dec	540.9 549.7	-0.1 -0.1	554.5		16,996	
CKEL (S per ton	me)		.jan	552.8	-0.1	-	-	15	
	7650-60	7790-800 .	Total					125,551	2
	7580-60	7715-20							
799	7618/7612	7900/7740							
Delei	7618-20	7755-60							
CISO-	53,061	7800-810							
int. delly tumover	11,857		ENE						
IN (\$ per tonne)			IN CRU	DE OIL	NYME	X (42,0	00 US	Helia A	00
-	5840-50	5880-90		Labort				Open	
e foue	5795-805	5890-40		price		(Age	Low	int	. 1
Now	5880 .	5910/5880	May	19.18	+0.12	19.21		86,338	
Cicial	5875-90	5806-10	, Jaco	18.97 18.76	+0.11	18.78		39,493	8
· 690i		5880-90	,aa Aag	18.56	+0.10	18.56	18.49	18,601	2
nt.	19,726		Sec	18.40	+0.07	18.40	18.33	22,750	
Sally turnover	4,653	tonne)	get -	18.24	-0.06	18.25	18.20	11,448 N/A	
NC, special high		1096-7	Tutal					RIA	
	1084-5 1037-39	1060-2	CRU	DE OF	PE (\$	ретец			_
OCINE -	1037-38	- 1090/1070		Labort	Day's			Open	
(ficial · · · · ·	1084.5-65,5	1084-85		price			Lew	int	1
000		1085-8	May	17.52	+0.13	17.57		50,376	19
int.	95,340			17.25	+0.10	17.25	17.14		14
delily turnover	20,833			17.02 16.86	+0.07	16.88	16.82		í
PER, grade /	(S per tonne)		Ang Sap	16.75	+0.02	18.76	16.74	6,175	-
	2960-61	2917-8	get	16.59	+0.01	16,70	16.69	3,901	
US	2968-9	2928-7	Total					140,778	
	2975/2973	2937/2914 2921-22	W HEAT	THE O		X (42,00	O US ga	L; olk	
ficiel	2973-74	2919-20			Day's			Орен	
iose nt.	234,705				change	Wish	Los	let.	¥
turnover.	58,582		May	47.80	+0.33	47.95		34,113	9
						48.25		18.273	2
COMPAND.	OR CHE 151	25		48.10	+0.28	48.23			
E AM Official E Closing 2/3	2/\$ rate: 1.61. rate: 1.6010	<u> </u>	Jem Jed	48.10 48.60 49.05	+0.33	45.80 48.05	48.29	16,351	2

Spot:1.6025 3 miles:1.6014 6 miles:1.5962 8 miles:1.5951 III HIGH GRADE COPPER (COMEX) -1.00 139.80 139.00 1,754 -1.01 139.80 139.00 1,754 -1.15 139.10 136.80 29,212 -0.95 134.80 134.70 922 -0.95 131.25 132.30 7,499 -0.80 131.10 131.10 369 -0.75 129.20 128.50 3,616 139.50 -0.65 134.80 134.70 -0.65 133.25 132.30 199 65 PRECIOUS METALS E LONDON SULLION MARKET (Prices supplied by N M Rottschild) £ equiv SFr equiv Bold(Troy oz) 5 price 391.70-392.10 393.40-393.80 242.994 442.159 243.898 445.559 391.95 391.70 393.50-393.90 390.20-390.80 Day's High Day's Low Previous close 391.70-382.10 Loco Ldn Mean Gold Landing Ra 9/80y 5Z. 323.00 327.45 332.85 345.56 521,00 527,70 535,55 653,56 1 year 397-400 403-55-408.05 92-95 Krugerrand Maple Leei

67-**60**

Suit- Day's Open the start of t Sett Day's Opens prior charge tigh Low let You 383.0 +0.3 283.6 391.0 2,409 642 384.0 +0.2 - 100 115.95 -0.05 118.50 115.95 1,913 181 116.95 - 117.50 118.86 514 95 332 2,549 830 402 6,580 +0.2 396.0 +0.2 398.8 +0.2 402.8 - 408.1 363.1 96,130 32,398 396.5 19,648 638 401.9 5,814 66 403.5 14,562 560 4.35 102.30 102.00 4.50 103.50 102.80 -0.80 105.00 104.90 -0.50 412 PLATINUM NYMEX (50 Troy oz.; \$/troy oz.) 348/4 342/4 348/2 360/2 364/8 339/0 +2/5 349/0 342/4 18,584 3,214 +2/0 343/5 338/0 25,189 4,497 +2/0 349/6 345/6 4,492 1,005 +1/6 35/12 35/7 2,982 353 +1/5 384/5 362/0 173 9 +0/4 338/0 339/0 25 1 51,445 8,883 448.7 +8.8 446.5 442.0 563 453.5 +7.4 454.0 448.0 18,413 457.0 +7.4 454.5 450.5 2,477 460.1 +7.4 727 IN PALLADIUM NYMEX (100 Troy oz.; \$/troy oz.) -1/2 Z52/6 251/4 ID3,381 Z3,885 -0/6 Z52/0 257/6 118,148 16,711 -0/2 352/0 251/0 21,285 998 +0/4 251/4 252/6 98,602 15,570 +0/4 271/4 259/6 10,052 615 +0/4 279/2 274/0 602 125 +2.20 886 160 150 7,572 489 262/0 265/2 271/4 276/0 SILVER COMEX (100 Troy oz.: Cents/troy oz.) BAPLEY LCE (E per torne) May Sep Hav Jen Total 153 135 533 174 1,101 109.15 -1.35 108.25 108.15 101.25 +0.25 101.75 101.25 101.95 +0.30 102.50 101.95 104.00 +0.40 27 E SOYABEANS CST (5,000to min; o -0/4 58470 586/0 37/746 10,875 -1/0 594/8 580/4 50,176 21,773 -0/5 598/0 585/0 7,403 604 -0/6 601/4 588/0 4,122 243 -0/4 608/0 605/0 30,831 5,992 -1/6 615/0 613/0 2,087 109 135,414 36,877 May CRUDE OIL NYMEX (42,000 US galls. \$/barrel) 19.01 86,339 18.84 66.193 18.64 39,493 18.49 18,601 18.33 22,750 18.20 11,448 SOYABEAN OIL CET (60,000fbs: cents/b) 75.51 - 6.00 - 25.78 - 25.48 - 25.538 - 8.184 - 25.10 - 0.06 - 25.43 - 25.15 - 22.563 - 4.38 - 25.09 - 4.04 - 25.37 - 25.08 - 8.257 - 577 - 25.00 - 4.05 - 25.25 - 25.00 - 6.981 - 449 - 24.88 - 0.09 - 25.15 - 24.86 - 6.789 - 625 - 24.76 - 0.86 - 25.05 - 24.75 - 13.825 - 1.244 - 25.05 - 24.75 - 13.825 - 1.244 May Jul Ang Sep Oct Dec Total 8.257 577 6.961 449 6.769 628 13.625 1,244 85,879 16,718 CRUDE OIL IPE (\$/barrel) 172.4 4.1 172.8 170.7 22,917 11,172 178.9 - 177.5 175.4 33,337 12,959 178.8 - 179.2 177.5 7,978 12,47 180.7 +0.2 180.7 179.3 5,745 653 181.8 +0.3 152.0 180.6 8,961 425 184.0 +0.2 184.2 182.5 11,82.3 3,088 17.57 17.40 50.376 17.29 17.14 40.288 17.02 16.95 15.363 16.88 16.82 12.049 18.78 16.74 6,175 M HEATING OIL WHEN (42,000 US galls; cAS galls) POTATOES LCE (E/torne) 302.5 +7.0 330.0 280.5 341.0 +5.5 342.0 330.0 250.0 -255 43 +0.33 47.95 47.40 34.113 +0.28 48.25 47.34 18.273 +0.33 48.60 48.29 18.351 +0.16 48.05 48.35 7,810 +0.23 48.35 48.96 4.817 # FREIGHT (BIFFEX) LCE (\$10/Index point) +62 2190 2150 884 +76 2145 2075 1,022 +96 2060 1890 +65 1960 1890 1,055 +70 1820 1870 1,055 +70 1820 1870 992 +45 - 225
 Sett
 Day's price change High
 Low let

 153.75
 +1.25
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 151.75 +0.75 152.00 151.25 8,831 153.25 +0.25 153.50 152.75 3,002 154.75 +0.50 155.00 154.50 3,007 MATURAL GAS WAEX (10,000 mmStu; StanStu) +.018 1.705 1.672 30,657 10,627 1.755 1.735 15,113 2,103 1.755 1.735 15,113 1.765 1.770 15,211 1.755 1.785 +.586 1.785 1.770 15,211 1.780 +.001 1.800 1.780 13,090 1.795 0.004 1.806 1.790 13,094 MYMEX (42,000 US gale; OUS gale)

5810 5796 27,480 5,744 5795 5690 12,702 5,711 5715 5680 8,118 2,317

5,118 2,317 5,269 385

European free merket, from Metal Builetin, \$ per lo in warahouse, unless otherwise stated fast week's in braciers, where changed, Anti-meny 99.8%, \$ per tonne, 4,150-4,350 (4,980-4,850), Stemuthy min. 99.99%, tonne lots 3,25-3,50 (3,35-3,50), Cadmitum min. 95.5%, 110-120 (120-130) cents a pound. Gobeth MB free merket, 99.8%, 27.50-28.00 (27.50-28.00; 99.3%, 24.00-28.00 (24.80-28.30, Mercuny min. 99.99%, \$ per 78 th fissk, 135-150, Merkybotenum chummed molybotic oxide, 11.00-12.00 (11.50-12.50), Selentum: min 99.5%, 320-4,10 (3,40-4,20), Tungstan ores standard min. 65%, \$ per tonne unit (10%) WO₂, ci., 55-70, Venedaum: min. 95%, cf., 4.10-4,35 (4,38-4,62). Urantum: Nueaco exchenge value, 7.25.

Soft Buy's High Loss 933 +1 934 923 19,440 1,833 953 +2 958 942 17,895 2,413 975 995 1012 112.731 B.713 E COCOA CSCE (10 torner: \$/torner) 1333 1351 1370 1394 1414 +77 1333 1287 31,226 3,894 +22 1357 1310 15,553 1,385 +15 1370 1337 8,515 377 +12 1394 1386 6,227 144 +3 1414 1396 5,874 1 +2 1428 1425 4,877 25 80,418 4,887 80,418 5,826 ■ COCCA (ICCO) (SDR's/forms) ■ PORK BELLIES CME (40,000lbs; cents/lbs) -10 3082 3060 13,801 1,982 -9 3025 3011 10,703 1,089 -12 2983 2972 8,480 65 -4 2366 2950 1,582 10 -5 2950 2950 209 -13 6 3065 301 0 2974 2949 2937 2910 LONDON TRADED OPTIONS Strike price & tonne M ALLANNUM ■ COFFEE 'C' CSCE 67.500bs: cents/bs) 165.10 -0.35 165.20 164.25 12.633 3.314 165.55 -0.30 167.50 166.00 9.994 1.477 167.80 168.50 167.25 5.869 874 168.50 167.25 5.869 874 168.775 186.50 186.00 5.894 194 167.75 1.825 25 167.75 COPPER 167.75 167.75 (Grade A) LME S COFFEE (CO) (US cents/pound) MOT PREMIUM RAW BUGAR LCE (cents/fbe) 2,000 5,421 12.03 371.7 -1.6 374.5 371.5 9.890 1.211 359.7 -2.0 362.5 889.5 8.496 973 330.2 -1.3 331.8 330.0 3.599 98 321.0 -1.5 322.4 321.0 1.146 230 317.8 +0.1 318.9 216.5 749 30 317.5 +0.8 - 238 - 238 SUGAR "11" CSCE [112,000lbs; cents/lbs] 14.27 -0.12 14.45 14.23 48.59014.279 12.99 -0.12 13.10 12.85 40,159 3,858 May Jet Got May Jet Jet Total -0.04 12.29 -0.01 11.84 +0.01 11.71 12.15 34,582 11.77 14,751 11.86 3,901 147,271 24,305 OOTTON NYCE (50,000lbs; cents/lbs) 98.22 +2.00 88.22 94.22 16,045 3,283 93.10 +2.00 93.10 88.10 18.223 3,644 83.26 +2.00 83.26 79.40 8,638 853 July Oct Boc Star May Total 77.89 +1.41 77.87 75.80 24,705 2,500 78.20 +1.40 78.20 76.85 6,759 379 78.80 +0.30 78.80 77.70 2,002 47 NORANGE JUICE NYCE (15,000 tos; cents/bs) 106.88 +1.15 107.25 105.95 11.545 1.142 110.95 +1.35 111.25 110.00 6,121 114.70 +1.15 114.90 114.00 5,027 112.75 +1.20 112.75 112.75 2.373 113.96 +0.48 114.10 113.80 1,801 115.85 +0.85 176.00 116.00 972 1,801 143 872 55 27,827 1,857 **VOLUME DATA** Open Interest and Volume data shown for contracts traded on COMEX, NYMEX, CST, NYCE, CME, CSCE and IPE Grude Oil are one

INDICES ■ REUTERS (Base: 18/9/31=100) Apr 3 mentih ago 2303.7 2325.8

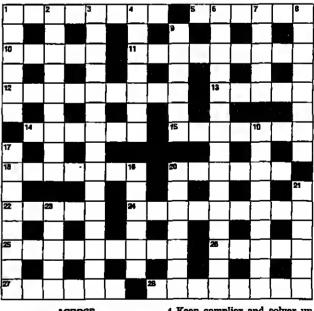
■ CRB Futures (Base: 1967=100)

E COFFEE LCE 235 210 190 Jul COCOA LCE Det LONDON SPOT MARKETS ■ CRUDE OIL FOB (per berrel/May) W.T.L (1pm est) 519.17-9.19g +0.220■ Off. PRODUCTS NWE prompt delivery CIF (tonne Premium Gasolin Gae Oil Heavy Fuel Oil \$97-98 \$166-167 \$173-175 \$154-155 0171) 359 8792 **OTHER** Gold (per troy oz) Silver (per troy oz) Platinum (per troy cz.) Pallacium (per troy cz.) +3.75 \$174.75 Copper (US prod.) Lead (US prod.) 145.0c 41.75c 14.50m +1.0 Tin (Kuala Lumour Tin (New York) 278.50c Cattle (tive weight)† 125.25p 132.38p +2.99° -0.26° Pigs (live weight); 91.08p \$355.4 Lon. day sugar (raw +1.4 Lon. day sugar (w) Tate & Lyle export €117.0 £141.0 €165.0 Barley (Eng. fead) Malze fUS No3 Yel Wheet IUS Dark North Rubber (Apr)♥ Rubber (May)♥ Rubber (KL RSS No1) 122,00p 122.00c 474.0m Coconut Oil (Phil)\$ \$820.0u Paim Of (Makey.)§ Copra (Phil)§ Soyabeans (US) Cotton Outlook'A' index \$660.0z \$412.04 €170.0y 106.40¢ 522p

JOTTER PAD

CROSSWORD

No.8,729 Set by DOGBERRY



1 A drinker about to come round in a stupor (8) 5 Fabric keeping many calm (6) 10 Join together, turn it round 7 Losing shattered halo, addict 11 Uncoordinated amateur to 8 throw back in like this (9)

12 Make speech packing loud punch (9) 13 One getting in the way got a 16 Painter on expedition to cap move on (5) 14 Related to wooden barrel (6) 15 Kazan, too, not overturnad,

having stabiliser (7) 18 United almost wake up, putport (6) (6)
22 On boliday by a beginner's 23 Indistinct collapse (5)

lights, say (5) 24 Where churchman may be servant (9) 25 Hurries back with the general

sense of spray (9) 26 Realism is missing from the nation (5) 27 Little ones make a mess (6) 28 Backward oaf irritates the

confectionery (8) 1 Heavy and swelling in empty

conservatory (6)

2 Vehicle for ministry, globe
and president (5,4)

3 On account of which we flee

4 Keep complier and solver up to the mark (7) another party (7.8) gets disease (5) Corrupt but respectable receiving publicity (8) Compiler in vehicle with a tourist's accoutrement (6)

ture model of cult figure (3,6) 17 Massive business failure in natural reserve (8) about pig's bead (6)

19 Pussy looking up 20 Bitter about a headpiece (7) ting pressure on (7)
20 Stand up to one in French
21 Join American with Irishman

Solution 8,728

WINDOWSHOPPING
S N D I U A N L
TOODY DENIGRATE
A E E D C E P A
LUCKNOW HEARTEN
A D H N E
GIRTH DVERTIRED
U A O V R E
GAMBRIDGE YAHOO
D B R E C

INTERNATIONAL CAPITAL MARKETS

Treasuries rise further as dollar stabilises Hoechst scales down IPO

By Lisa Bransten in New York and Graham Bowley in London

US Treasury prices added to Monday's gains yaaterday morning as the dollar inched further off its recent record lows and new economic data added to the accumulating mass of evidence that the economy is slowing.

Near midday, the benchmark 30-year Treasury was up 4 at 1028 to yield 7.876 per cent. At the short end of the market, the two-year note gained is to 99%, yielding 6.692 per cent.
On Monday, tha Treasury market posted modest gains on positive economic data, even as

the dollar ignored the best efforts of the Federal Reserve and the Bank of Japan and hit a new low against the yen. Yesterday, the mood on the market was still bullish as the dollar stabilised at higher levels against the yen and the D-Mark. In morning trading, the dollar was changing hands at Y85.30 and DM1.3835,

against Y86.13 and DM1.3724 late on Monday in New York.

Spaculation that the Fed might buy medium-term bonds such as five-year notes, caused bonds of those maturities to outperform the rest of the market on Monday and yesterday morning, according to Mr Rich ard Gilhooly of Paribas Capital Markets in New York.

The yield spread batween two-year and five-year notas had narrowed to just 27 basis points by late yesterday morn-Bonds also got a boost from

figures showing construction apending had fallen by 0.5 per cent in February, almost exactly as economists had fore-

ltalian and Spanish government bonds rose sharply yesterday, as the recent downward pressure on the lira and

The Italian June futures contract on Liffe settled at 94.30, up 1.02 points. The yield spread over 10-year German government bonds finished the day at around 633 basis points. The Spanish 10-year benchmark bond rose by more than 1 point, as the yield spread over German bunds narrowad to around 502 basis points.

Concerns over the weak currency and the government's progress on pension reform pushed tha Italian market

lower on Monday.
"Currency pressures have now abated somewhat but the market remains nervous about the pension reforms," said Mr Ken Wattret, an international economist at HSBC Markets.

GOVERNMENT BONDS

A government announcament on its proposals for pension reform are expected today but traders remain nervous. "There is definitely room for disappointment, with a divergence in opinion between government and trade unions on the reforms," said Mr Wattret.

Elsewhere in Europe, gov-ernment bond markets were dragged higher by the improve-

ment in the German bund and US Treasury markets.

The German 10-year benchmark bond yield closed at 7.06 par cent. The June bund futures contract on Liffe rose by 0.8 to 92.72.

Traders said that the strength of the D-Mark and the steepness of tha German yield curve are attracting investors to the bund market, particu-larly to the longer-dated matu-

French government bonds followed Germany higher, with the yield spread over 10-year bunds stable at around 74 basis points. A firmer franc provided some support for the market, traders said.

The June futures contract on Matif settled at 113.28, up 0.22

UK government bonds closed higher as sterling recovered from its earlier lows. The long gilt future on Liffe rose by & to settle at 103%. Gains were seen throughout the yiald curve, traders said but the spread over hunds widened alightly to 154 basis

Mr Andrew Roberts, a gilts analyst at UBS in London, said that some gilt investors have begun to lengthen the duration of their holdings, switching from the 10-year area, which has benefited most from the recent, largely futures-led, rally in gilts, into the 20-year area of the yield curve.

The market's attention today will be on the monthly meeting between Mr Eddie George, the governor of the Bank of England, and Mr Kenneth Clarke, the chancellor of the exchequer, when they discuss interest rate policy. However, traders expect no changes to be made to monetary policy.

"Recent economic indicators have been mixed and the Bank does not appear too concerned about the level of sterling," said Mr Philip Shaw, an econo-mist at Union Discount. "The authorities will want to wait for more economic data before changing interest rates," he

for SGL Carbon offshoot

By Antonia Sharpe

The sale of shares by SGL Carbon; a subsidiary of Hoechst, Germany's largest chemicals and pharmaceuticals company, was scaled down yesterday because Hoschst was not prepared to sell out too

SGL is the latest interna-tional equity offering to be withdrawn or scaled down in recent months due to declining stock markets and a reluctance among investors to buy shares in companies with cyclical earnings.
The subsidiary is a leading

player in the DM7bn worldwide carbon and graphite market and its main customers are in

the steel industry.
Dresdner Bank and Kleinwort Benson, arrangers of the deal, said Hoechst's decision not to participate meant the offering had been reduced from 7.2m shares to 5.6m.

be priced between DM55 and DM57 each, the bottom of the indicated DM55 to DM66 price range. This means the deal will only raise around DM314m, down from an original target of at least DM400m.

INTERNATIONAL EQUITY ISSUES

that, although the deal had been oversubscribed for the original amount, Hoechst had not been prepared to sell at this price. The company had also decided to reduce the size of the issue to secure a successful deal.

Of the revised amount on offer, 2.9m shares are being sold by SGL in order to raise new capital and just under 2m shares are being sold by Péch-iney, the French packaging and metals group, which has a

The remaining 760.000 shares, or 15 per cent of the total, will be sold by Roschst in the form of a "green shoe," or over-allotment, option

which it was obliged to fulfil

Carrell lanes.

and inte

~ k?

Hoechst had planned to use the flotation to reduce its stake in SGL from 89 per cent to 50 per cent plus one share of SGL's increased share capital.
But now it will be left with a stake of around 70 per cent. Observers said Hoschst was not under pressure to sell its shares in SGL and that the proceeds would have played only a small part in the planned \$7.15bn acquisition of Marian Merrell Dow, the US drugs

They added that Hoechst could explore the possibility of selling its interest in SGL to a trade buyer who might be prepared to pay a premium to the

Japan Highway in 10-year dollar deal

By Martin Brice

Investors showed appetite for dollar-denominated assets yes-terday, with two deals totalling \$1bn being launched.

Japan Highway brought the first issue from a Japanese borrower of the fiscal year and the first Japan government-guar-

INTERNATIONAL BONDS

anteed deal of 1995 when it launched its \$500m 10-year deal, which carried a coupon of

7.5 per cent. Other houses said the pric-

than switching from other bonds. When free to trade, the price remained stable. Around 35 per cent of the deal was placed in Asia, with the rest in Europe, the Middle East and the US.

A 10-year dollar new issue has been a rarity in recent weeks, partly due to the lack of swap opportunities. However, swap spreads in the 10-year dollar sector widened last week before tightening slightly on Monday. Japan Highway is believed to have swapped into floating-rate yen.

Meanwhile, Argentaria Global Finance used Lehman

NEW INTERNATIONAL BOND ISSUES US DOLLARS +32(7%%-05) IBJ International Lehman Brothers Intl. Nilder Europe Japan Highway Public Corp.(a) Argentaria Global Financet International Finance Corp. SWISS FRANCS City of Vienna(d)* 100 102.875 LUXEMBOURG FRANCS DSL Finance(d) Kredietbank Luxembourg(d) Crédit Européen Kredietbank Luxembourg AUSTRALIAN DOLLARS Trees.Corp.of New Sth.Wales+ 4.50#

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch suppressence. Floating-rate note. #Somi-annual coupon. Rt fixed re-offer price; fees shown at re-offer lavel. a) Sho c) SP/200m launched 16/3/95 was increased to SP/300m. d) Long 1st coupon.

under three-month Libor. Lehman said it had a large institutional investor looking for a AA rated two-year FRN

before it brought the deal. The Germanic flavour of recent days continued with a DM250m five-year bond yield-

Dutch bank, Demand from the houses and a halance sheet of Benelux region and Switzeraround £900m, already has a land was said to be strong, attracted by the yield. The Peabody Trust, a UK the comparable gilt. Yesterhousing association, issued a day's issue carried a guarantee £50m 28-year domestic bond via

Price Indices
UK Gitts

1 Up to 5 years (24)

5-15 years (21) Over 15 years (9)

£100m issue outstanding at around 125 basis points over from Ambac, the US monoline insurer, which gave the bonds an AAA rating. This allowed a

FT-ACTUARIES FIXED INTEREST INDICES

141.17

+0.29 +0.54 +0.35 +0.28

140,76 157,09 181,36 137,58

launch spread of 80 over.

Simex shrugs off Barings crisis

By Laurie Morse in Chicago

The Singapore International Monetary Exchange may heve suffered negative publicity from the Barings crisis, but its role in making Singapore a primary financial centre in Asia. has not been diminished.

First-quarter turnover was up 27 per cent to 7.5m contracts, demonstrating that customers have not shied away from the exchange.

More important, two London exchanges are going ahead with plans for partnerships with the Singapore exchange. The links promise to raise Simex's profile in east Asia, where it is the fourth-largest futures

exchange. Simex's involvement in the Barings crisis has had no impact on the International

Petroleum Exchange's plans to

2.89 5 yrs 3.58 15 yrs 4.05 20 yrs 1.47 irred.†

link its Brent crude oil futures contract with Simex on June 9, said Mr Peter Wildblood, IPE chief executive. "Once the problem came to light, Simex cleared the situation up

decade. Identical Brent contracts will be traded on both trading floors, and the London Clearing House and the Simex's clearing house will also link, jointly settling contracts.

IPE is anxious for an Asian. sence because the east Asia is the fastest growing region of oil consumption. "We chose Simex because Singapore is a

major centre for oil refining,

and because there were a num-

exchanges," said Mr Wildblood.

7.23 7.67 7.77 7.92

tained extensive risk management structures. "The two clearing houses will have equal quickly and admirably," and offsetting exposure to each
The IPE's partnership with other, but we will make sure Simex is the most extensive . there is protection so there is link attempted between futures no sort of risk contagion from exchanges in more than a either side." The clearing house link could pave the way for other London/Simex ventures. Liffe

Mr David Hardy, chief execu-

tive of the London Clearing

House, said the agreement con-

is already in talks to share its euromark futures contract with Simex and is exploring other areas of co-operation. The success of Chicago Mer cantile Exchange's 11-year link with Simex has not been lost on Liffe. The link has helped make Chicago eurodollars the largest futures contract in the ber of synergies between our world, generating 8.7m con-

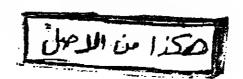
tracts for Simex last year.

7.77 7.77 7.77

ing of 32 basis points over Brothers to bring its \$500m NatWest Markets with a coutwo-year floating-rate note ing 6% per cent from De Natpon of 10.25 per cent, Treasuries was correct, and lead manager IBJ said most ionale Investeringsbank, the Peabody, which has 13,000 with a coupon of the per cent WORLD BOND PRICES **BENCHMARK GOVERNMENT BONDS** ■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100% " PUTS " Date Prices change Vield ago ago 09/04 85,1300 +0.580 8.00 10.07 10.18 01/05 100,8300 +0.220 7.40 7.41 7.55 03/05 90.5300 +0.220 7.91 8.08 8.22 12/04 40.14000 +0.150 8.82 8.91 8.80 05/98 101.0900 +0.150 8.82 8.91 8.80 05/98 101.0900 +0.250 7.59 7.60 7.27 04/05 38.0400 +0.250 7.08 7.17 7.36 10/04 82.8000 +0.250 8.821 8.81 8.80 01/05 80.7400 +0.250 8.821 8.81 8.80 01/05 80.7400 +0.490 13.05 12.93 12.19 06/99 108.4610 +0.557 2.67 3.11 3.8 09/04 108.3480 +0.200 3.43 3.71 4.42 0.39 0.64 0.98 0.92 0.83 1.10 M NOTIONAL ITALIAN GOYT, BOND (BTP) FUTURES 94.30 +1.02 93.65 1.02 84.40 Portugal III ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100% - CALLS -+2/32 +6/32 +7/32 +3/32 +2/32 +0.320 08/99 12/05 10/06 02/05 02/25 04/04 91-28 100-23 104-22 102-20 102-28 85.9200 8.47 8.55 8.54 7.26 7.50 8.42 M NOTIONAL SPANISH BOND FUTURES (MEFF) Open Sett price Change High 81.80 81.77 +0.95 82.99 Low Est. vol. Open Int. Tressury Bilks and Bond Yields 5.77 Yeo year 5.81 Three year 5.92 Pier year 8.15 10-year 6.40 30-year UΚ One month Two month Three month Six month One year ■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100% Open Sett price Change High 103-21 103-20 +0-06 103-27 103-11 +0-07 Low Est. vol Open Int. 86441 105 ■ LONG GILT FUTURES OPTIONS (LIFFE) 250,000 64ths of 100% 5ep 1-53 BOND FUTURES AND OPTIONS Ecu ECU BOND FUTURES (MATIF) ECU100,000 113.12 112.60 112.50 113.28 112.68 112.58 133,323 115,809 273 8,856 8 1,058 Open Sett price Change 82.90 92.88 +0.24 113.10 Low Est. vol. Open Int. 83.22 82.86 2.548 LONG TERM FRENCH BOND OPTIONS (MATIF) Jun 0.36 0.59 0.89 ■ US TREASURY BONO FUTURES (CBT) \$100,000 32nds of 100% 111 112 113 114 115 104-13 271,967 336,666 104-01 492 17,148 103-28 14 1,528 NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (UFFE) Y100m 100ths of 100% ■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100% Open 115,90 UK GILTS PRICES Hotes list Red Price £ + or - High Low Conversion 912pc 2004 Tress 84pc 2004 Tress 84pc 2004 0 12pc 2005 Tress 12pc 2005 Tress 12pc 2005 Tress 2002 Tress 12pc 2007 Tress 14pc 2005 Tress 14pc 2007 Tress 14pc 2009 Tress 14pc 2009 8.98 8.52 106324 87.57 8.44 894 8.41 10033 8.90 106334 10.10 8.90 1223 8.10 0.10 8.71 11613 8.26 8.47 1003 8.71 11613 8.45 8.47 1003 8.47 100 8.52 965 mil. 6.66 107.4 6.55 103.3 6.66 105.4 6.55 103.3 6.66 105.4 6.66 105.4 6.66 105.4 6.66 105.4 6.66 105.4 6.66 105.4 6.66 105.4 6.66 105.4 6.66 105.4 6.66 115 994 1014 1014 1019 1 9613 1013-2 1052-2 106-3 106-3 106-3 105-3 105-3 102-4 114-3 100-3 111-3 100-3 Prospective real redemption rate on projected inflation and (2) 5%. (b) Figures in parenthesis show R5 indexing let of months placer to base) and have been reflect rebesting of RPI to 100 in February 1887. Acotor 3.945. RM for July 1894: 144.0 and for February 1887. Deer Filtness Years Jreas 6 1/4pc 2010 Does Spc Lin 2011 111 These Spc 201021 Treas 51-gc 2010-1211 Treas 51-gc 2010-1211 deer 2011-1511 Treas 84pc 2017-1511 Each 12pc 2013-17 8.33 82 8.41 105.2 8.39 10513 8.19 75.2 8.25 98513 8.30 9673 8.32 1044 8.32 1044 8.54 13113

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Other Fixed Interest

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Indunt Cap 8¹4 pc 110...
5 pc Cap 1868...
13 pc 197-2
Hydro Quebec 15 pc 2011...
Lands 13¹4 pc 2005...
Lands 13¹5 pc 2005...
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Lands 13¹5 pc 110...
LCC 3 pc 120 Aft...
Hamchaster 11¹5 pc 2007...
Idel, Wir. 3 pc 18...
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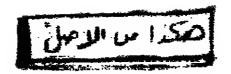
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WEDNESDAY APRILIS

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CURRENCIES AND MONEY

MARKETS REPORT

Fed intervention helps stabilise the dollar

The dollar had a better day on the intervention undertaken on Monday by the US

The dollar had a better day on the dollar had a better day on the intervention undertaken on Monday by the US

The dollar had a better day on the day on the day of the dollar had a better day on the day of the dollar had a better day on the day of th Federal Reserve, writes Philip

There was no follow-up yestenday, but the threat of cen-tral bank support was suffi-cient to dissaude the market from selling the dollar aggressively. The dollar gained more than a plannig to finish in London et DM1 3854, from DM1.8723. Against the yen it closed at 86.485, nearly a yen higher than the post-war low of Y85.55 reached in late New

York trading on Monday.

In Europe the D-Mark continued its recent softer trend following the cut in German interest rates last week. It lost ground against most currencies, finishing et FFr3.498 against the French franc, from FF13.505, and at L1,245, from L1.254, against the lira.

Sterling lost ground against the firmer dollar, finishing at \$1.605 from \$1.6169, with trad-

E D-MARK PUTURES (MM) DM 125,000 per DM

0.7250 0.7282 0.7306

E SHIES FRANC PUTURES (IMM) SE 125,000 per SE

Over- 7 days night notice

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Ava. Insider rate of discount 6.1134(pc. ECGD field rate 66g. Export Friends. Make up day Mar 31,

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1985, Apreed rate for period Apr 26, 1995 to May 27, 1995. Phannos House Base Rate 7pc from a

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W THREE MONTH STEELING PUTURES (LIFTE) 2500,000 points of 100%

92.78 92.80 +0.02 92.84 92.76 92.34 92.39 +0.03 92.43 92.34 91.98 92.04 +0.04 92.07 91.98 91.88 91.74 +0.05 91.76 91.88

E SMORT STEELING OFFICES (LIFFE) 2500,000 points of 100%

0.21

UK INTEREST RATES

LONDON MONEY RATES

Certs of Tax dep. (£100,000)

Latest Change High

closing at DM2.2284, from

The market's view that the Fed is fairly relaxed about the level of the dollar is probably fairly close to the mark. The reasoning of Mr Carl Weinberg, chief economist at High Frequency Economics in New York, could serve as a rough approximation of how the Fed

cit. The stock market rose 10.72 points (on Monday)."

"This is no dollar crists," concludes Mr Weinberg. He says the Fed should not be trying to help the dollar by raising interest rates. "What is happening out there is much more severe for Germany and Japan, whose currencies are unambiguously rising."

Accordingly, he predicts lit-tle response from the US authorities in the short term. tion to stabilise jittery mar-

the monthly monetary meeting between Mr Eddie George, gov-ernor of the Bank of England, and Mr Kenneth Clarke, the

June 96 Future contract, bld price

hood of an increase in rates following today's meeting. The June contract closed at 92.80, discounting a rise in interest rates of only 45 basis points between now and June. This represents a sharp turn-

around in sentiment over the past quarter. Indeed, some economists believe the market is excessively sanguine about the likely path of interest rates. This represents a big shift from 1994 when the short sterling market was considerably more pessimistic than most

Mr Ian Harnett, UK group chief economist at Societe Generale in London, says today's decision will be very finely balanced with, if anything, the risk of a tightening. Some observers believe that

the Scottish elections on Thursday will serve as a reason to leave rates on hold. References by Mr George to signs of the economy slowing are also taken as a pointer towards leaving rates unchanged. But Mr Harnett is less sure.

He believes that such com-ments are no more than a case of a central banker trying to maintain a semblance of policy neutrality, so that any change in rates will catch the market by surprise.

He argues that inflation in the upper half of the target range, and recent signs of eco-nomic strength, such as the

rate of growth in M0 money supply, favour tightening.
The trade weighted value of WORLD INTEREST RATES

MONEY RATES

week ago Switzerland

week ago

Jepan week ago

week ago

week ago SDR Linked Da

Apr 4

Princip Surjoint French Franch Principuese Es Spenish Peeet Starling Swies Franc Can. Dollar US Dollar Italian Ura

Sep Déc Mar

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ECU Linited De mid mine: 1 mit: 63; 3 min: 6%; 8 mine: 6%; 1 year: 7 . 5 UBOR intense are gifered mine for 510m quoted to the market by four relevance banks at 1 lam a day. The banks are: Seniera Trust, Bank of Tologo, Bandays and National Westminster. Mid rates are shown for the domestic Money Rebs. US 2 CDs and 50R Linited Deposit

42 42

EURO CURRENCY INTEREST RATES

93.08 93.40 93.39

93.28

93.55

93.34

Sett price

95.07 94.79

Sett price

88.58 88.55 88.56

98.51

Sex price

93.28

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-0.01 -0.02

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93.13

Low

96.34 96.19

93.23

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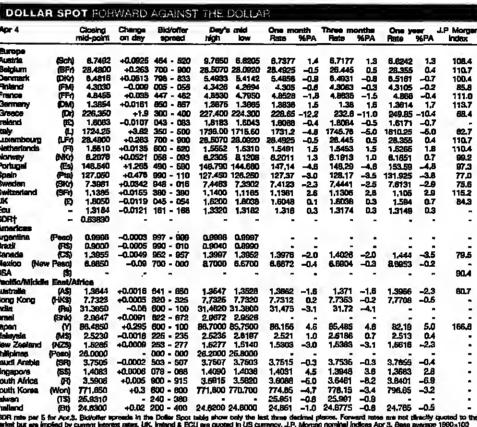
51 4%

sterling has also fallen by about 4.6 per cent since rates were last raised on February 2, which effectively undermines much of the monetary tightening undertaken by the Bank over the past six months. "The Bank won't want to

just link it to the currency," said Mr Harnett. For this resson, he said, the authorities might wait until there was a suitable peg on which to hang a rate increase. "If we don't see an interest rate increase this month, though, we will see one next month," said Mr Harnett.

The Bank of England cleared a £300m money market short age in its daily operations.

190.214 - 190.467 116.550 - 116.850 2801.42 - 2807.88 1745.00 - 1750.00 0.4692 - 0.4696 0.2824 - 0.2825 3.7561 - 3.7815 2.3410 - 2.3430



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303,7 157,5 178,5 62,44 138,9 5,016 55,77 139,3 59,01 116,9 75,97 138,8 81,99 85,48 100,

Est. vol Open Int.

57,861 2,591 165

23,200 200 57

24,816 187 47

8.72 8.40 8.04 8.00 4.72 4.04 9.45 0.13

1.28 -4.33 -0.73

May 0.29 0.63 1,20 2.06 3.20 4,75

67,276 128,898 86,370

PUTS

0.08 0.12

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Jun

0.27

522,411 348,837 267,177

0.34 0.51

SEE YER FUTURES (MM) Yen 12.5m per Yen 100

EMS EUROPEAN CURRENCY UNIT RATES

2,07304 38,0604 1,95148 13,0300 195,804 7,33362 6,48486 0,828531

IN PHILADELPHIA SE S/\$ OPTIONS 531,250 (cents per pound)

9,31 7,22 5,30 3,67

93,58 93,34

III US TREASURY BILL FUTURES (IMM) \$1m per 100%

M BURGHARK OPTIONS (UFFE) Dirtim points of 100%

0.16 0.14 0.02 0.04 0 0.01

Jun

Ex. vol. wai, Cale 12645 Pots 16756. Prevous days open Inc., Cale 144866 III BOUND SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 10076

302.810 - +0.127 2305.45 -8.74 0.829667 -0.002261

9.82 7.73 5.95 4.47 9.22 2.29

93.56 93.35

0.04 0.24 0.48

0.20

0.03

0.21

93.52 93.26

+0.03 +0.06

-0.0054 -0.0056 -0.0054

1.1789 1.1890 1.1985

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-3.68 -3.39 -3.07 -3.16 0.01 0.66 1.23 4.58

3.40 6.46 5.49

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M STERLING PUTURES (IMM) 252,500 per 2

Ecu cen.

Apr 4

1.525 1.550 1.575

1.625 1.625 1.680

93.52 93.28

All Open interest tigs, are for previous day

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is looking at the dollar. He says: "The dollar continues to run strong against the peso and the Canadian dollar, which means a more balanced perspective shows the green-back only gently sliding. Prices in the United States are stable ■ In the UK all eyes will be on -----1,8000 1,5988 1,5988 1,6186 Judging by the recent performence of short sterling futures, there is little likeli-1,6173 POUND SPOT FORWARD AGAINST THE POUND Burope Austria Belgium Denmen +0.0335 381 - 559 +0.0863 801 - 378 +0.0177 923 - 029 -0.0858 002 - 120 15,6470 -0.8 -0.8 45,8990 45,3780 45,739 45,609 111.0 110.2 87.5 111.1 114.1 89.6 63.8 111.0 110.8 100.1 98.6 77.7 78.4 118.5 84.8 +0.083 801 - 378 45,8990 45,5780 +0.0177 923 - 029 8,8463 8,7407 -0.0858 002 - 120 6,9930 8,8780 -0.0011 733 - 801 7,3138 7,7422 -0.0047 222 - 246 2,2349 2,2032 +0.379 404 - 088 365,100 361,816 -0.0008 976 - 007 1,0711 0,9964 -14,85 536 - 982 2794,93 2753,54 +0.0863 901 - 378 45,8890 45,3780 4,0038 870 - 916 2,500 2,400 2,400 -1.7 7.7997 1.8 2.2129 7.7767 2,2201 -0.0008 976 - 007 1.0011 0.9984 0.989 0.2 0.9986 -14.85 536 - 982 27794.95 2753.54 2776.89 -4.6 2759.84 +0.0038 901 - 378 45.8980 45.3780 45.739 -0.8 45.099 +0.0038 870 - 916 2.5008 2.4899 2.4857 1.7 2.4781 +0.010 045 - 336 236.410 233.792 236.024 -4.3 237.314 -0.744 758 - 062 205.262 208.847 204.439 -3.1 205.459 -0.0328 650 - 820 12.0034 11.8578 11.8758 -0.2 11.8798 +0.0116 259 - 286 1.8339 1.8084 1.8228 3.1 1.6128 2767.24 (LFr) 45.7090 (FQ 2.4883 (NKr) 8.8626 (Es) - 235.189 1.8273 1.2174 +0.0022 168 - 160 1,2231 1,2120 - 1,2178 -0.0124 040 - 051 -0.0115 424 - 486 -0.0245 386 - 407 -0.2251 020 - 582 -0.0118 045 - 054 1,5195 1.6035 1,4845 1,4424 2,2967 2,2366 10,9431 10,7020 2.243 -1,8 2.2492 -1.7 2.302 1.6048 0.1 1,8038 (AS) (HKS) (Fin) (Shk) Hong Kong 12.5264 12.4014 -0.4707 492 - 256 -0.0205 528 - 835 -0.662 725 - 863 80,9330 50,3492 4.7871 4.7828 139.820 138.580 138.234 4.9 137.084 5.0 190.974 5.6 165.9 -0.0329 474 - 512 4.0900 4,0472 2,4526 2,4474 42,0615 41,3961 8,0756 6,0154 -0.0186 474 - 525 -0.8094 961 - 615 -0.045 174 - 214 -0.0167 588 - 617 2.4651 -2.5 2.4656 -2.5 2.4857 -1.5 2,2608 2,2588 (Fi) 5.7630 -0.0347 802 - 658 5.8093 6.7692 (Won) 1286.48 -8.7 767 - 905 1249.51 1237.61 (TS) 41.8180: -0.3065 951 - 406 47.9969 41.6951 39.5300 -0.2607 028 - 571 39.5520 39.5026 CROSS RATES AND DERIVATIVES EXCHANGE CROSS RATES - (BFr) 100 19.26 17.01 (CN) 51.96 10 8.339 (FFr) 58.78 11.31 10 (FFr) 58.78 11.31 10 (FFr) 58.78 11.31 10 (FFr) 58.78 18.90 7.784 (J.) 1.652 0.316 0.281 (FF) 18.36 3.534 3.124 (FF) 18.36 3.534 3.124 (FF) 18.36 3.534 3.124 (SN) 45.86 8.830 7.806 (FFR) 22.42 4.314 3.814 (SN) 38.51 7.411 6.551 (SFr) 25.02 4.515 4.256 (F) 46.71 6.797 7.776 (CS) 20.42 3.929 3.473 (SFF) 28.48 5.481 4.845 (Y) 32.93 6.338 5.602 37.56 7.228 6.389 514.5 448.1 251.6 4.863 2.827 2.859 1 2.225 0.060 0.993 2.231 0.945 1.090 1.873 1.217 2.223 0.963 1.985 1.865 9053 3145 3558 1245 2770 100, 1112 2777 1176 1357 2851 1516 2767 1236 1724 1994 2274 2.186 1.138 1.285 0.449 1 0.036 0.401 1.003 0.425 0.490 0.842 0.522 0.720 0.822 5.445 2.829 3.201 1.120 2.491 0.090 1 2.496 1.058 1.221 2.097 1.362 2.489 1.112 1.551 1.793 2.045 21.80 11.33 12.81 4.482 9.973 0.360 4.003 10 4.236 4.886 8.393 5.453 8.963 4.450 6.207 7.178 8.187 25.97 13.48 15.26 5.340 11.88 0.429 4.769 11.91 5.047 11.87 5.301 7.396 8.552 8.552 3.997 2.077 2.350 0.822 1.829 0.066 0.734 1.839 1.539 1.138 1.38 1.318 1.318

Est. vol Open int.

6년 - 6년 6년 - 6년 7년 - 7년

Low

Up to 1 1-3 3-6 6-9 month month month months months

0.16

Nous day's open tot., Calls 174055 Puts 132902

54

High

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• 4.7

BASE LENDING RATES

534

0.57 0.74

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Banks, Merchant ### C 525 ### C 1,055 163 299.4 3,05 12.3 19.8 9,30 391.2 1,005 6685591.1 19 231 | Figure 1 Nex Capen 1,90 148,6 246,5 246,5 246,5 25,0 126,2 25,0 15,8 36,1 1,586 28,1 1,586 11,586 11,586 11,586 -8¹2 Filtrands Countals AFT
Forward Countals AFT
Forward Series Cremmon 771122 7 PHONE TO THE PHONE THE PHO THE CREATE AND ASSESSED AND ASSESSED AS | March | Marc Frice 957 | 1971 | 1885 | 1971 | 1885 | 1971 | 1885 | 1971 | 1885 | 1971 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 | 1975 。 1122564168377519人名4652221653221653241675234551267125168986443928989925721681444518518512875166814451858880225721657251864514518518512873616795556 633d 471-2 d 481-2 154-d 295 41 227 283 178-d 8 2424d 131-2 d 881-2 70-a 73 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | Secondary | 1995 | 128 | 253 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 5-10 10-11 10-11 10-12 1 500 1 100 1

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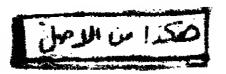
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- 2 212 | 1772; 0,046 SOUTH AFRICANS 95 Med low Capen 229 2,124 64,2 1,267 118 14,7 85 3,42 435 3,426 8124 4,954 700 1,278 636 842.5 71d 67's PAE 24 ф 1.6 22.9 7.2 ф 12.5 — 1.8 28.5 1.7 20.6 2.1 20.2 +0r +14 +18 +12 high 234 252, 152 96 599 2177, 875 762 **TEXTILES & APPAREL** GUIDE TO LONDON SHARE SERVICE 1995 Prices for the London Shere Service delivered by Extel Financial, a member of the Financial Times Group. ### CHOOK CH RETAILERS, FOOD 885 Mc Corp. 1844 2,589 26,58 - Bigs - Sign - 34-12889350-718-10154938-21374370-438-4342280-288459533-447730 The following investment truths are not alignifie for inclusion in time PT-SE Actuaring: Sheet indices.

Notice: Price 1995

N OTHER INVESTMENT TRUSTS Altaritett capitalisation shown is calculated expansively for each line of store quoted.

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You can obtain the current annual/interim report of any company annotated with \$\frac{1}{2}\$. Please quote the code FT7564. Ring 0181-770 0770 (open 24 hours including weekends) or Fax 0181-770 3822. If calling from outside the UK, ring +44 181 770 0770 or fax +44 181 770 3822. Reports will be sent the next working day, subject to availability. 5 Michor Capello (1984) 150 Michor Capello (10 67 63 38 24 41 07 35 35 26 33 27 25 33 31 31 Micro 65 2 165 1 1 FT Citytine
Up-to-the-second share prices are available by telephone from the FT Citytine service. See Monday's share price pages for details.

An international service is available for callers outside the UK, annual subscription £250 stg.

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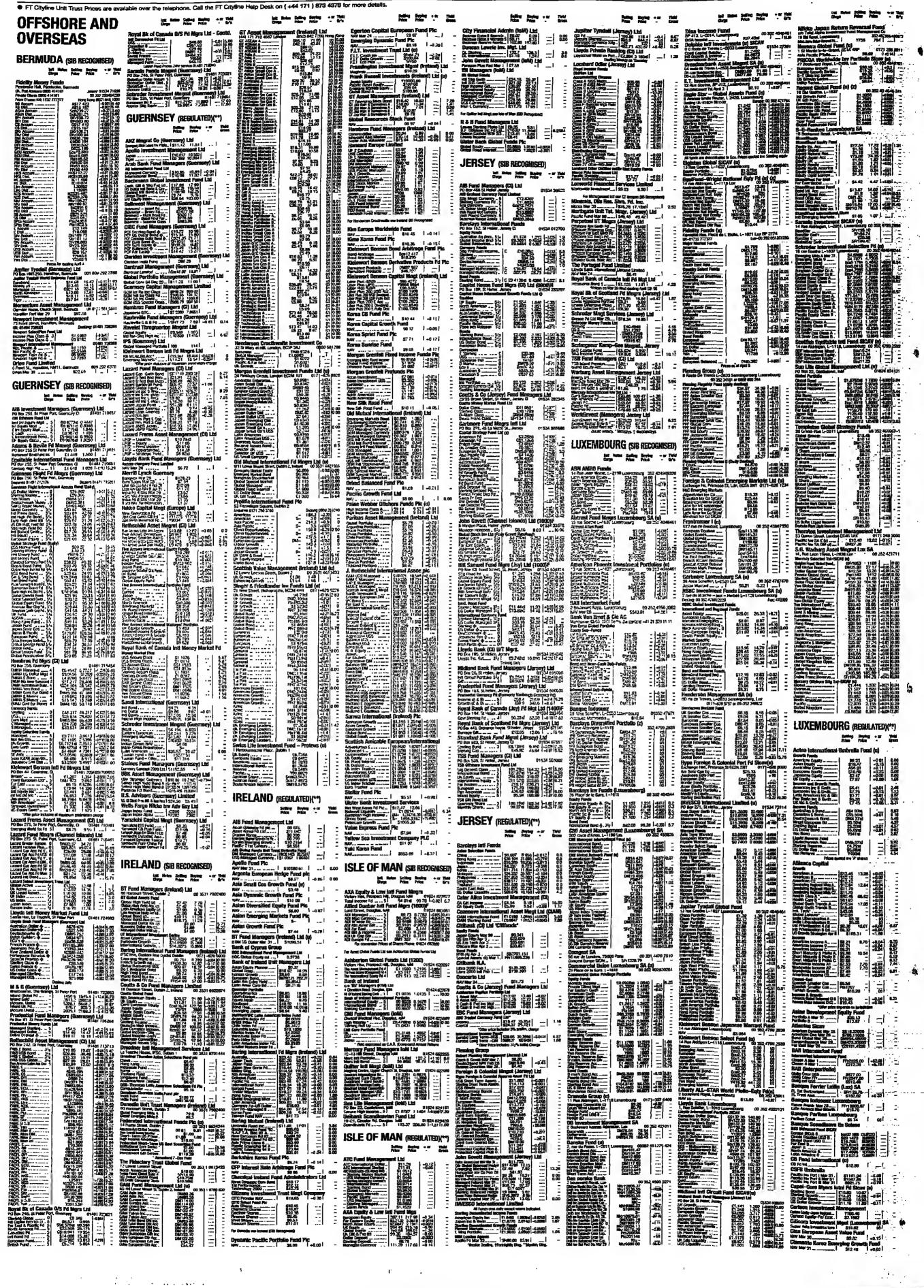
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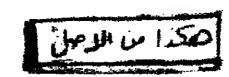
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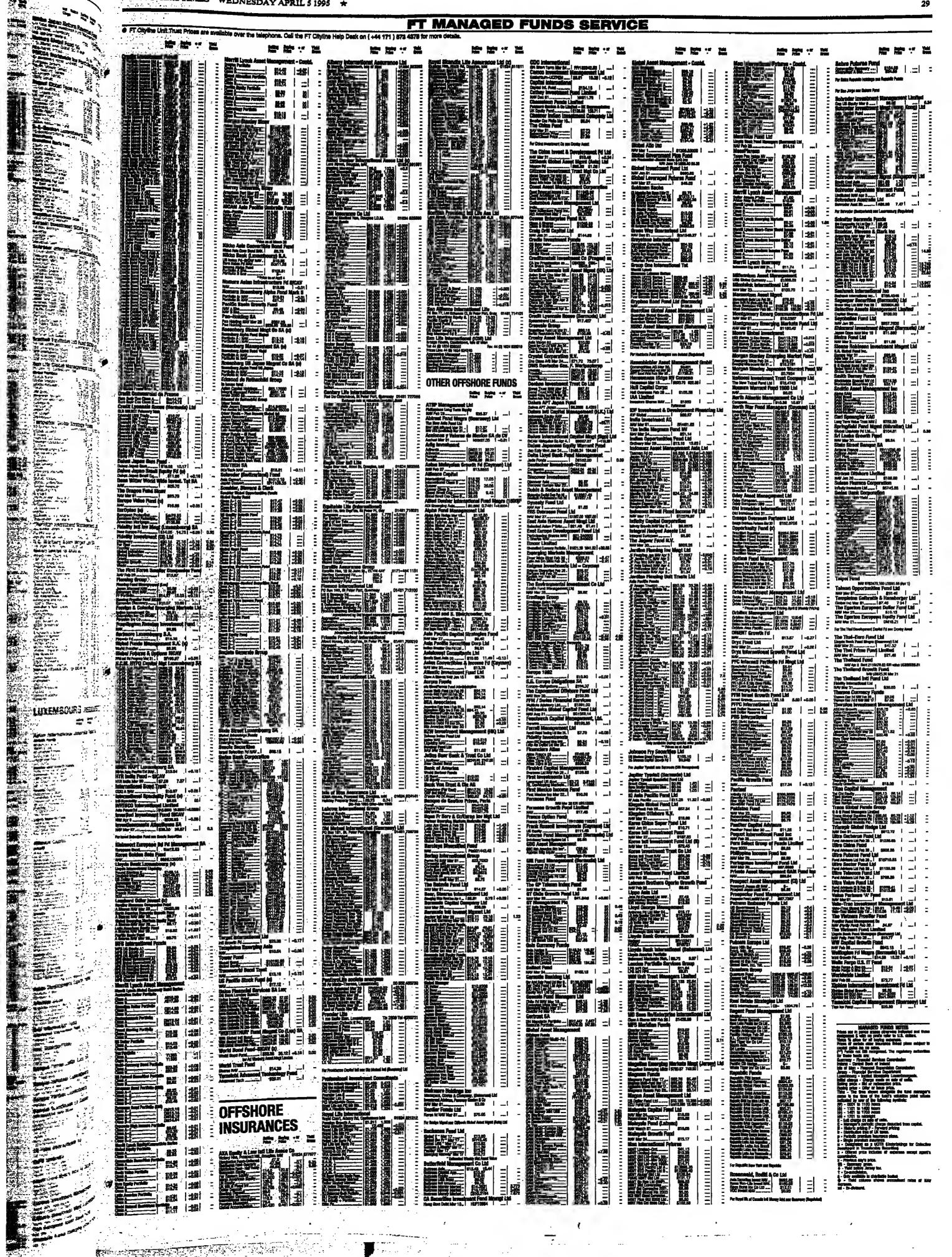
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FT MANAGED FUNDS SERVICE



DXESDAY APRIL





LONDON STOCK EXCHANGE

Futures lead the FT-SE 100 to a new 1995 peak

The UK stock market burst through to new 1995 peaks yesterday as strength in bond and stock index futures ignited equities, and caught marketmakers on the wrong foot. With the US dollar in better shape and European bond markets sharply higher, the FT-SE 100 Share Index closed 45 points ahead at 3,188.1, a shade under the day's est, with the June future on the 100 Index showing a strong pre-

Rumours at mid-session that the European central banks planned a meeting to discuss the US dollar huttressed the blue chip interna-tional stocks, which were led ahead by US buying of pharmaceuticals stocks. At the London close, the Dow Jones Industrial Average was more than 12 points up.

Base rate worries seemed to have been put aside, with few analysts expecting any immediate results from today's meeting between Mr Kenneth Clarke, the UK chancellor of the exchequer, and Mr Eddie George, governor of the Bank of England. But interest rate concerns remained a factor as sterling came under pressure in advance of tomorrow's local elections in Scotland where Mr John Major's Conservative administration is expected to

fare badly. Equities moved ahead from the opening but the driving force came from stock index futures. The June Footsie contract quickly moved above 3,200, holding this territory for the rest of the day.

Among the blue chips, British Petroleum, Glazo, HSBC and Reuters stood out strongly. Investors were somewhat more selective when it came to the domestic retail issues, although "quality etocks" took their share of the increased investment demand.

Marketmakers had kept trading books even over the period cover-ing the end of the first quarter of year and also the end of the 1994-1995 tax year. They were

quickly "taken out" by the unex-pected wave of buyers and faced with the need to compete in the market for shares, a factor which could only mean further upward

There was little opportunity for marketmakers to buy stock cheaply yesterday afternoon and further pressure is likely today.

The pace quickened when oppor-

tunities were taken to bring forward corporate deals which had probably been waiting in the wings. Lloyds Bank sold its 4.5 per cent stake in Standard Chartered and the Abu Dhabi Investment Authority sold most of its stake in T&N, the UK engineering group. Excita-

land Distilleries, the whisky

producer which reported fig-

ures below expectations on

Monday, lost another 20 to 337p

as brokers' profit downgrades

continued to exact a toll. Nat-

West Securities downgraded its

recommendation from "add" to

"hold" and UBS reiterated its

Guinness was in demand and

the shares advanced 7 to 462p, in trade of 3m, after ABN-

Amro Hoare Govett reiterated

Mrs Julie Bower at the bro-

ker said: "The international

spirits market is turning: 1994

was the worst year and things

will look better in 1995. Also

the outlook on pricing is

However, UBS takes the

opposite view and it remains a

seller of the shares. The securi-

ties house cited the "mexcit-

ing" medium term outlook for

the whisky market, particu-

larly mature markets such as

its buy recommendation.

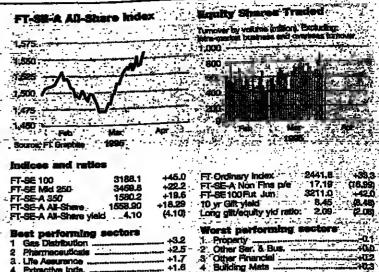
"sell" advice.

improving."

ment gathered pace in late dealings when some sources claimed that a "very large takeover bid" was being

The focus on the market's international stocks left the FT-SE Mid 250 Index somewhat trailing to show a closing gain of 22.2 points at 3,459.8. The FT-SE-350 gained 19.6 to a 1995 peak of 1,580.2.

But non-Footsie business remained high, making up around 62 per cent of the day's Seaq total of 779.5m shares. Trading volume contrasted sharply with the dismal levels of the previous session when Seag recorded fewer than 500m shares, with retail business worth £1.22bm.



Hanson hint for Gas

The wave of bid speculation washing over the market was partly focused on British Gas whose shares jumped over 3 per cent, leaving them the fourth-best performers in the FT-SE 100. At the close, Gas shares were 9% higher at 286p after heavy turnover of 16m the third highest daily figure

Inevitably the talk around the marketplace was that Hanson was preparing to launch its long-expected mega-bid with Gas as its target.

The immediate response from analysts was that, with market capitalisation well in excess of £12bn, Gas might be too big to swallow, even for Hanson.

Others suggested, bowever, that Hanson might be acting in concert with another predator. Hanson is believed to be determined to acquire businesses generating non-cyclical UK earnings.

With the Recs seemingly put out of reach by the electricity regulator's bombsbell last month and the water sector regarded as too delicate politically. Gas could provide the answer for Hanson, specialists

"Gas is still inefficient and if there are big cost savings to be uncovered, then Hanson would find them," said one analyst.

Sbares in BP delivered another powerful performance yesterday, moving ahead to placing, described as "hard

touch a new all-time peak of 437p. Sector specialists said there were many reasons for stock's continuing strength, notably its favour among investors on Wall Street which has been hitting successive record highs on the Dow Average in recent trading ses-

"Basically, the US still loves the stock," said one analyst pointing to large-scale switching out of Shell and into BP in

recent weeks.
He added that if BP management is close to achieving its target levels of net income of \$3bn for 1996 - a target set using an average oil price of \$16 a barrel - then the shares still look cheap as oil prices approach \$18 a barrel. At the close, the shares eased from the day'e best to close a net 51/2

higher at 436%p. Shell shares were by no means left behind, however, and moved up 12 to 722p on good turnover of 5.7m. Shell reached an all-time high of 758p last September.

Standard placing

One of the market's longest standing sbareholdings -Lloyds Bank's 4.54 per cent stake in Standard Chartered was finally dissolved yesterday as Lloyds sold the shares to its broker Hoare Govett who placed the stock in the market. In an exceptionally finely-

judged piece of broking, Hoare bought the shares from Lloyds at 290p and sold them at 2921/sp, netting the broker in excess of £1m.

Hoare Govett said the shares were distributed with a large number of institutions. The

work" by Hoare Govett, was completed very quickly and efficiently, according to marketmakers at other leading UK

Lloyds acquired most of its bolding in 1986 when it launched an ultimately unsuccessful bid for Standard. It topped up the stake to the 4.54 per cent level following a Standard rights issue in 1988.

Tan Sri Khoo Teck Pust, the Malaysian businessman, retains a near 15 per cent stake in Standard, the last remaining holding arising from the 1966 failed Lloyds bid.

Standard shares were trading at 303p when the placing got underway, subsequently easing back to close a net 5 off

The placing of the 43.8m shares accounted for virtually all of yesterday 88m turnover in the shares. Lloyds Bank shares rose 8 to 622p. In the drinks sector, High-

FINANCIAL TIMES EQUITY INDICES

	Apr 4	Wat 2	Mar 31	MAR 3U	Mer 200	17 800	- Page	-LOW
Ordinary Shere	2441.8	2408.5	2407.4	2433.e	2405.8	2474.9	2441.8	2238.3
Ord. div. yield	4.33	4.39	4.40	4.35	4.38	8.70	4.05	4,33
P/E ratio net	16.80	16.57	16.80	18.84	18,68	21.17	18.04	18.57
P/E ratio rill	15.71	15.48	18.48	16.66	18.48	22.07	17.28	15.77
For 1985, Ordinary FT Ordinary Share I	Share Inde notes beca	deta 1/7/	amplation 35.	high 271	3 6 2/02/5	iç low 49.4	28/6/40	

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2415.8	2425.7	2426,8	2438.4	2435.7	2442,6	2442.4	2440.9	2440.9	2443.2	2415.8
			Apr 4	Ap	r 3	Mar 31	Mar 3	0 M	er 29	Yr ago
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t Excluding			nood and	Overdead	S SUTHOVO	r.				

Rises and falls*		1995 Highs and low		LIFFE Equity option	3
Total Pises	1.046	Total Highs		Total contracts	32,011
Total Falls		Total Lows	90	Carlo	17,311
Same	1,532	1		Puts	14,700

the US. The market trend boosted other stocks in the sector. Bass hardened 4 to 557p, while Greenalls Group put on 6 to 444p. Dealers reported a shortage of stock in Allied ing the stock

Pharmacenticals stocks responded to strong renewed support in the US on Monday night following profit-taking over the past week. They were helped by a rebound in the dollar against sterling.

Domecq. The shares gained 6

Specifically, there was support for SmithKline Beecham which rose 18 to 501p in the

Goldman Sachs reiterated its positive stance ahead of firstquarter figures on April 20. And Glazo, which lifted 16 to 727p, received further help from Monday's news that it had received preliminary US approval for the tablet form of its migraine drug. Zeneca gained 13 to 888n

Bus company shares advanced on news of an industry merger and hopes of further corporate action. Badgerline lifted 5 to 138p as it announced that it is joining forces with GRT to form FirstBus. GRT shares rose 13 to 269p but the real beneficiary was Go-Ahead, which jumped 15 to 191p. Analysts said Go-Ahead margins had been improving at a slower pace than those of its rivals and was ripe for takeover. Stagecoach, the leader in the field, was unchanged at 212p.

British Airways fell 31/2 to 403p. Air traffic statistics for March are due today and will be skewed by the late arrival of Easter, always a prime business period for spring break travel. However, analysts said UK . a m

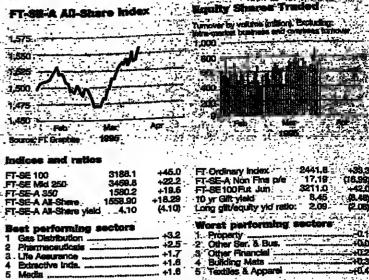
far and was looking attractive. Marketing services group WPP jumped 6 to 107p with Panmure Gordon recommend-

Among retailers, Storehouse jumped 12 to 241p, in trade of 4m with Cazenove said to have been recommending the shares. Talk of a share buy back at Next helped the shares appreciate 12 to 306p on vol-

Talk that Land Securities will reveal a decline in net ralue and modest dividend growth when it reports figures in May saw the shares fall 2 to 590p.

ume of 4.6m.

A squeeze sent Rolls-Royce 7 ahead to 165p, the day's best performance in the FT-SE 100 index. Volume stood at 6.4m at



FUTURES AND OPTIONS # FY-SE 100 INDEX FUTURES (LIFFE) \$25 per full Index point Open Sett price Change High 3211.0 3235.0 3264.0 +42.0 IN FT-SE MED 250 INDEX FUTURES (LIFFE) 210 per full index point 3475.0 3475.0 +20.0 3475.0 Apr 1987₂ 2 1527₂ 4 May 2147₂ 9 1772 16 Jun 227 19 186 277₂ Jul 2477₂ 307₂ 211 437₂ Dec† 316 89 THE PURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point 3025 3076 3128 Nor 1762 3½ 2292 6 87 142-Nor 193 12½ 151½ 20½ 113½ 22½ Jan 2002 25½ 170 5 136 35 Sop 285 54½ Dact 303½ 75½ 238½ 105

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Registered Office: Genoa (Italy) Via Dente No. 1 Head Office: Milan (Italy) Plazza Cordusio

Registered with the Genoa Court, in the Companies Register under No. 22 and in the Banks Register and belonging to the Credito Italiano

Banking Group, registered in the Banking Groups Register with Code No. 2008.1 Member of the Interberk Fund for Depost Protection

Capital: Lit. 1,120,000,000,000 (onethousandonehundredandiwenty billion sing) fully paid up

CALLING OF THE ANNUAL GENERAL SHAREHOLDERS MEETING

The shareholders of Credito Italiano are called to attend the Annual General Shareholders' Meeting to be held on April 28, 1995 at 4.00 p.m. at the Bank's Registered Office in Genoa, in Via Dante No. 1. If necessary a second sitting will be held on April 29, 1995 at the same address but at 3.00 p.m., to discuss and debate upon the following

AGENDA

- 1. The reports submitted by the Board of Directors and by the Statutory Auditors. The Balance Sheet as at December 31, 1994 will be presented and the relative resolutions made.
- 2. Allocation of profit for the year.

The texts of the "Proposed Resolutions", together with the relative "Explanatory Note" drawn up as envisaged by Law, are on deposit at the Bank's Registered Office, its Head Office and with Monte Titoli S.p.A., again in accordance with and as envisaged by Law.

All Shareholders who possess ordinary shares may attend the Meeting, providing that they are listed in the Shareholders Register, and that they have deposited their shares with any Credito Italiano branch or with Monte Titoli S.p.A., at least five days before the date scheduled for the Annual General Meeting.

We ask Shareholders to note that they may now also vote by mail. This is envisaged by a Ruling issued jointly by Banca d'Italia, CONSOB and ISVAP on December 30, 1994.

The mail vote forms, together with the admission tickets, must reach Credito Italiano no later than the third bank business day preceding the date established for the Annual General Meeting (i.e., April 24, 1995 for the Meeting scheduled to be held on April 28, 1995) and be addressed to: Credito Italiano - Affari Societari - Piazza Cordusio - Casella Postale No. 991 -20123 Milano (Italy).

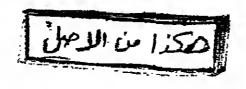
THE BOARD OF DIRECTORS

Shareholders are courteously invited to arrive well ahead of time, so as to expedite entrance formalities and consequently ensure that the Meeting may start punctually. Shareholders who intend to avail themselves of their right to vote by mail, must - as envisaged by law - deposit their shares with any branch of Credito Italiano or with Monte Titoli S.p.A. (via any member bank of this centralised securities management company).

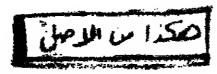
Shareholders will be given an admission ticket as well as a voting form and a self-addressed envelope to be used to send the voting documents to the Bank. Same must be received by the Bank within the abovementioned time limit. Should Shareholders require any further information on how to vote by mail, they should either contact any branch of Credito Italiano or call FREE PHONE NO. 1670-18781 from April 12 through to and including April 24, 1995 from 9.00 a.m. to 4.30 p.m.

As regards the cailing of the Extraordinary Shareholders Meeting scheduled for April 27, 1995, with second and third sittings scheduled, if necessary, for April 28 and 29, 1995, as per the notice published in the Italian Official Gazette No. 72 dated March 27, 1995, and in view of the possibility that the sittings of the Ordinary and Extraordinary Shareholders' Meetings may coincide, we ask Shareholders to make sure that they have two distinct admission tickets for the two different Shareholders' Meetings. This also applies to Shareholders opting to vote by mail.

This notice has been published in compliance with CONSOB ruling No. 5553 of November 14, 1991 and the joint ruling issued by Banca d'Italia, CONSOB and ISVAP on December 30, 1994.



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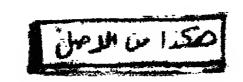
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-X-Y-Z-

Carmakers fall as Dow hits new high

WORLD STOCK MARKETS

Wall Street

US blue chips resumed their pusb into record territory yesterday morning as the dollar stabilised against the D-Mark and the Japanese yeo and the bood market moved ahaad, writes Lisa Bransten in New

By 1 pm the Dow Jones Industrial Average was 16.60 higher at 4,185.01, surpassing last Thursday's record close of 4.172.56. The Standard & Poor's 500 rose 1.17 at 503.02 and the American Stock Exchange composite was up 0.42 at 466.41. Meanwhile the Nasdaq composite was off 1.51 at 816.50. NYSE volume was 184m

Stocks and bonds received some support yesterday from a stable dollar,

Also aiding the bond market was the release of data showing that construction spending declined by 0.5 per cent in February after a 0.5 per ceot decline in January, which added to the increasingly accepted belief that the US economy was slowing.

Among gaining issues in the Dow were Minnesota Mining & Manufacturing, which rose \$14 at \$58%. Procter & Gamble, \$1 at \$67% and internstional

Paper, \$1 higher at \$75%. The big three auto makers lost ground yesterday after Chrysler and General Motors gave signs of weakening sales. Both companies reported late oo Mooday that total vehicle sales were down 9 per cent in March over the same time period last year. Ford was

sales figures later yesterday afternoon. Mr Robert Eaton, Chrysler's chairman, also warned that incentives to attract buyers would harm the company's results for the first six mooths of this year. Chrysler shed \$2 at \$40, General Motors was \$1% lower at \$43% and Ford fell \$% at \$26%.

Sybase contributed to the weakness on the Nasdaq composite as the computer software company lost nearly 39 per cent of its value. Its shares tumbled \$15% at \$24 after at least four securities bouses lowered their ratings; officials announced late on Monday tbat first quarter earnings were likely to be well below most analysts' estimates. Timberland, the boot com-

pany, also lost ground after issuing a profits warning. Shares in the company fell \$3% at \$221/4. Moorco added 55 per cent to its value as shares rose \$71/2 at \$211/4 after FMC offered to buy the company for at least \$223m or \$20 a share.

Canada

Toronto erased early gains at midday with the losses led by consumer products and gold shares. The TSE-300 composite index fell 12.71 to 4,264.53 in volume of 26.68m shares.

Shares in Seagram continued to drag the consumer products sector lower. The company was C\$2 lower at C\$40% on continued speculatioo that it might sell back its stake in Dupont,

The gold and precious metals group fell as Placer Dome lost

Brazil jumps 5.6%

Brazilian stocks jumped 5.6 per cent in midday trade as investors bought selectively in a technical rebound after the 14.3 per cent fall over the previous five sessions. The Bovespa index was up 1,611 at 30,547 in turnover that picked up to R\$121.7m (\$135.2m), compared with R\$161.5m in the whole of Monday's session

Blue chips led the rally. Telebras preferred gained 7.2 per helping the push.

cent to R\$25,30, Vale do Rio Doce preferred added 4.3 per cent to R\$122 and Petrobras preferred jumped 7.5 per cent to R\$64.50.

MEXICO CITY rose 2.8 per cent in late morning trading as foreign investors continued their mild buying incursion. The IPC index was 53.00 ahead at 1,976.17, with the strength of Mexican stocks on Wall Street

	76.	change in loc	% charge starting †	% change to US 3 †		
	1 Week	4 Weeks	1 Year	Start of 1995	Start of 1985	Start of 1966
Austria	-2.15	-6.52	-18.05	-10.25	-2.36	+1.65
Belgium	+1.01	-1.37	-10.75	-4,27	+4,13	+8.41
Denmark	-2.22	-6.95	-16.64	-7.61	-0.67	+3.40
Finland	+0.85	-5.68	-1.12	-12.99	-7.84	-4.05
France	+2.30	+3.59	-10.32	-0.16	+6.70	+11.07
Germany	-0.08	-8.94	-12-36	-9.59	-1.66	+2.39
Ireland	+1.31	-0.04	+5.75	+0.08	+1.49	+5.68
Italy	+0.55	-3.36	-16.68	-4.33	-12.17	-8.55
Netherlands	+0.21	-1.55	-1.11	-3.74	+4.86	+9.18
Norway	-0.28	-3.20	-8.48	-10.75	-5.42	-1.54
Spain,	+1.62	-4.49	-14.17	-5.67	-5.34	-1.45
Sweden	+0.26	-0.62	+7.47	+0.39	-2.74	+1.26
Switzerland	-0.71	-2.74	-9.42	-4.40	+6.73	+11.10
UK	-0.34	+3.78	+0.25	+2.12	+2.12	+6.33
EUROPE	+0.21	-0.48	-6.09	-2.28	+1.41	+5.56
Australia	+0.20	-0.27	-4.92	+0.42	-9.57	-5.84
Hong Kong	+1.61	+3.66	-7.30	+6.35	+2.21	+6.42
Japan	+5.82	-3.61	-15.60	-15.98	-6.82	-2.98
Malaysia	+3.22	-0.85	+4.31	+0.91	-2.28	+1.75
New Zealand	+3.57	+1.14	+3.43	+5.17	+3.18	+7.44
Singapore	+3.17	+0.23	+7.41	-5.61	-6.37	-2.51
Canada	-0.34	+6.07	+4.34	+3.59	-0.50	+3.59
USA	-0.10	+2.90	+12.59	+8.91	+4.61	+8.91
Mexico	+5.72	+21.28	-18.70	-17.71	-42.02	-39.64
South Africa	+1.06	+0.47	+6.19	-11.33	-2.95	+1.03
WORLD INDEX	+1.56	+0.02	-2.55	-2.75	-0.74	+3.34
† Based on March 31s	4 1995. C	opyright, To	e Finenciel	Times Limi	ted, Goldine	n, Seche &

FT-ACTUARIES WORLD INDICES

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NATIONAL AND REGIONAL MARKETS

Canada (103

Japan (484)... Malaysia (97)

MARKETS IN PERSPECTIVE

Bourses stir on short covering, recovery in \$

Bourses stirred yesterday and, in some European capitals, a little action made a lot of difference to share prices, writes Our Markets Staff.

Highlights included a German extension of Monday's short covering; Italy's gains following a rebound in the lira; and Spain's rescue from Monday'a lows in trading volume. FRANKFURT saw German

stock market turnover rise only marginally, from DM4.7bn to DM5.3bn. The Dax index was more noteworthy, closing the post bourse 30.72, or 1.6 per cent higher at an Ibis-indica 1,965.68. Dealers said that the market was heavily infinenced by gains in leading stocks like llianz, Daimler and Deutsche Bank, and less by the day's results from lesser names like Henkel and Bayernhypo, good though they were.

Allianz, which tends to lead the market into new ground. rose DM54 to DM2,450 as pundits talked about a Dax rise to 2,000. Other voices were more cautious, saying that the key index could hit 1,800 before it goes higher again.

Daimler rose DM11.20 to DM639.70 ahead of results later this week, cheered by last week's better than expected performance at Volkswagen;

FT-SE AC	tuarie	s Sha	are In	dices				
Apr 4					. 7	HE BUR	OPEAN	SERIES
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.03	Chase
FT-SE Euroback 100 FT-SE Euroback 200	1262.45 1371.29	1264.05 1372.83	1283.37 1373.92	1264 36 1373.88	1269.12 1390.12	1270.72 -1380.63	1268.54 1378.93	1267.70 1375.05
		Apr 3	Mar 3	1 14	ar 30	Mer 29	lifer	25
FT-SE Eurotrack 100		1252.05	1254.3		58.27	1235.95	124	
FT-SE Eurotrack 200		1360.10	1362.2	7 13	376.38	1349.07	135	3.50

but talk of a revamp and relaunch of the world-famous Mini left Rover's new parent, BMW, flat at DM694 after talk that currency finctuations might have hit the group.

PARIS moved up late to close with the CAC-40 index 18.77 higher at 1,882.77 on turnover of FFr3.6bn. Good relations with analysts lifted a number of big stocks.

Total, the oil major, rose FFr13.20 to FFr303 after a wellreceived analysts' meeting in London; Saint-Gobain, up FFr14 at FFr609, was boosted by the chairman's forecast of further profits growth at an analysts meeting late on Mon-day: Lyonnaise des Eaux rose FFr15.60 to FFr468.10 on a Goldman Sachs recommendation: and Imetal gained FFr21.50 to FFr492.50 as Nomura put it on the buy list

after a 20 per cent underper-

fomance of the past six months

ZURICH was encouraged by the dollar's firmer tone and the SMI index rose 25.1 to 2.536.2. although trading remained quiet and volumes low.

Pinancials profited as the average yield on government bonds fell below 5 per cent for the first time since June 1994. SBC, launching a roadshow for analysts in the US, rose SFr4 to SFr376 and CS Holding was SFr6 higher at SFr469, Among insurers, Winterthur rose SFr18 to SFr657 and Zurich SFr25 to SFr1,178.

Schindler, the lift manufacturer, plunged 17.8 per cent after it warned of lower 1995 profits and said that it was considering a large acquisition. The certificates, widely held by London investors, fell SFr245 to SFr1,130. Brown Boveri, however, rose SFr13 to SFr1.083 as the company pre-pared to launch its own road show in the US this week. Among stronger pharmaceu-

ticals, Ciba rose SFr12 to SFr772 after Merrill Lynch issued a buy recommendation. MILAN took its cue from the lira with the Comit index up 1.33 at 596.68, while the real time Mibtel index put on 110 or

1.2 per cent at 9.568. Trading in Flat and the telecommunications issues accounted for 30 per cent of turnover, weak at L390bn. Flat rose L54 to L6.416 while Telecom Italia was L87 higher at L4044 and Stet gained L59

to L4,393. Olivetti jumped L39 to L1,567 on short covering after the recent sharp falls.

AMSTERDAM slipped back from its highs, the AEX index closing 2.53 better at 396.81 after signs of options-related selling and US selling of some majors. The transport company, Frans Meas, paid heavily for Monday's news of a loss and no dividend for 1994, the shares falling F17.30, or 17 per

cent to Fi 36.20. MADRID was impressed by the effect of short covering on the dollar, futures climbed and the general index rose 4.22, or L6 per cent to 272.87. Turnover SKr13 st SKr451 and Mode

nearly doubled at Pta25.3bn Asturiana's hopes for a profit in 1995 took the zinc produce up nearly 4 per cent at one stage, but it subsided to close Ptalo higher at Ptal 135. In mid-privatisation, Repsol, the oil major, scored one of the biggest advances with a gain of

Pta56 to Pta3,690. STOCKHOLM was supported by falling bond yields and the general bourse untrend, the Affärsvärlden General index closing 31.7, or 2.2 per cent higher at 1,493.0. Forestry outperformed other sectors, rising 2.7 per cent with Stora up

posite index rose 7.72 at 974.03

demand for PLDT which drove

enn B hit a new 19 high of SKr475 during the day closing SKr12 higher at SKr423 on expectations that the telecoms group could do better than at first thought in the allocation of US mobile tele

phona licences.

ISTANBUL was unstoppable the composite index risin

Eregil, Turkey's partially state owned and sole flat steel producer, raised its output

index closing 12.58, or 2.1 per cent higher at 622.52. that a five party coalition government headed by social d ocrats might be on the way The Hex index jumped 48.3 or 2.9 per cent to 1.859.5. The laading with a 7.6 per cent

ASIA PACIFIC

Tokyo

Rising expectations of government measures to stabilise Japanese financial markets led to a rise in futures and to short covering, and the Nikkei index recovered 1.6 per cent, writes

Emiko Terazono in Tokyo. The 225 average rose 249.24 to 15,630.53 following comments by government ministers after a cabinet meeting, expressing concern over the recent surge in the yen and the sharp fall in share prices. Arbitrage selling had ini-tially depressed share prices,

and the Nikkei fluctuated between a wide range of 15,256.06 and 15,755.46. The minister for interna-

tional trade and industry, Mr Ryutaro Hashimoto, called for a cut in the tax on securities transactions and brokerage fees, while the finance minister, Mr Masayoshi Takemura, said that the government was considering an economic stimulus package to counter the negative effects of the soaring

The Topix index of all first per cent to 1,270.48 while the Nikkel 300 added 4.1, or 1.8 per cent to 235.32. Advances led declines by 767 to 251 with 103

In London, the ISE/Nikkei 50 index closed up 2.02 at 1051.94. Volume totalled 287m shares against 313m. Overseas investors remained sidelined while dealers covered their sbort

individual investors and banks also supported shares. Utilities were higher on the yen's rise. Tokyo Electric Power rose Y50 to Y2,690. Arbitrage buying lifted steels. Nip-

positions. Small lot buying by

pon Steel, the most active issue, closed up Y1 at Y321. Bank of Tokyo rose Y70 to Y1,390 while Mitsubishi Bank, one of the few losers in the banking sector, fell Y110 to Y1.850.

The two banks, which announced their merger last week, yesterday set the merger ratio at one Bank of Tokyo share for 0.8 of a Mitsubishi share, prompting selling of Mit-

High-technology stocks recovered with Matsushita Electric Industrial up Y50 to Y1,380 and Sony gaining Y110 to Y4,210. However, some auto makers were lower with Honda Motor down Y10 to Y1,390 and Nissan Motor losing Y6 to

Brokers, which were sold off heavily on Monday, recovered ground. The sector rose 3.7 per cent, with Nomura Securities up Y40 to Y1,630 and Daiwa Securities gaining Y35 to Y991.

In Osaka, the OSE average rose 277.23 to 17,601.76 in volume of 7.2m shares. Nintendo. the video game maker, fell Y390 to Y4,570, on selling triggered by news of a press con-After hours, the video game maker said that the strength of

the ven, and weak overseas markets meant that it would be unable to reach its earnings forecasts for the year to March

Roundup

A more positive mood emerged in much of the region. HONG KONG moved ahead on selective afternoon buying

by foreign institutions but trading remained quiet with leading buyers reluctant to

S Africa industrials firm

Industrial sbares posted strong gains in Johannesburg on steady institutional and offabore interest, but golds ended off their best levels after bullion's strong run faltered.

Dealers said that a fall in the bullion price brought sellers in early afternoon trade.

US Dotar Index

111.80 134.04 280.38 176.42 181.86 148.74 347.07 217.94 65.86 152.27 487.72 236.80 75.86 361.98 361.98 361.98 361.98 361.98 361.98 361.98 361.98 361.98 361.98 361.98 361.98 361.98 361.98 361.98 361.98 361.98 361.98

167.12 178.36 226.08 180.22 167.68 200.12 159.12 239.02 187.87 176.13 194.76

147.10 169.06 188.19

101,75 121,99 238,89 162,38 162,38 163,55 315,89 181,59 441,00 777,93 215,52 68,89 181,02 331,00 331,00 331,01 118,25 213,01 167,04 126,77 181,55

170.31 102.20 162.33 67.41 205.75 123.48 145.83 87.51 152.82 91.58 182.14 109.29 144.83 86.90 217.55 130.54 152.88 91.74 180.31 86.19

177-26 108.37

178.85 162.78 97.68

89.27 101.48 59.72 51.06 73.20 67.44 99.21 80.14 189.53 119.03 37.60 83.16 266.38 413.4 114.83 188.82 185.79 77.02 127.82 100.23 77.27 113.14 111.88

114.99 132.15 129.91 79.54 96.32 188.25 104.40 246.93 195.06 48.99 108.34 347.03 608.10 189.48 53.85 149.32 248.74 242.02 82.52 166.51 190.57 100.68 147.38

133.13 126.90 180.83 113.99 119.90 142.38 113.21 170.06 115.61 125.31 138.58

184.59 132.15 180.95 130.67 104.40 344.54 189.27 83.15 475.73 185.34 31.46 236.53 226.54 124.13 225.34 124.13 225.34 124.13 225.34 124.13 225.34 124.13 225.34 124.13 225.34

157,19 147,21 201,68 83,35 113,93 199,83 124,33 211,03 117,21

178.38 235.72 176.68 175.14 201.34 158.12 273.13 176.65 178.59

132.08 277.40 177.58 65.45 136.95

191.28 62.05 177.53 297.82 205.55 124.10 186.70 149.91

Gross Div. Yield

0.2 0.1 0.5 -4.0 -2.2 0.1 -1.5 -2.0 -1.4 0.1

-1.2

2.74 3.29 2.03 1.34 2.22 2.76 2.70 3.32 2.23 2.22 2.99

145.85 132.90 127.66

179.15 134.77 193.03 163.00 135.67 104.80 337.00 187.54

86.21 79.48 486.21 6567.91 165.30 61.52 176.82

253.15 268.55 124.18 256.86 128.13 131.33 188.83 204.97

157.49 147.40 202.53 89.64 111.47 200.20 124.48 207.81 114.82 136.43 180.27

140.98

87.67 101.54 99.95 58.89 72.41 142.39 98.13 98.62 80.04 184.89 117.25 76.48 263.07 128.33 41.36 114.71 195.82 70.65 127.67 74.94 112.19 111.67

102.14 96.85 128.86 84.01 89.30 109.24 86.53 126.38 89.57 94.88 105.99

96.20

91.52 133.77 439.85

171.91 188.00 208.14 141.39 150.31 183.96 145.64 216.08 150.76 159.35 178.39

151.92

114.80 132.87 130.88 77.11 94.82 186.46 128.51 129.51 104.08 342.07 163.25 163.05 54.15 160.02 2256.43 244.46 82.36 187.45 181.45 181.45 181.45 181.45

133.75 126.82 181.94 110.01 116.94 143.05 113.31 168.12 117.29 123.98 138.79

125.98

But subsequently, they had to cover their short positions as bullion turned up again.

The overall index finished 68.7 better at 5,395.2, industrials rose 56.2 to 6.711.9; golds added 10.3 to 1,542.6 after a near-11 per cent rally in the

"A good broker instantly grasps what I want to achieve" 135.17 We were the first brokers to introduce a full time training department so we can now pick up your requirements even faster. orebon yamane Prebon Yamane (U.K.) Ltd. 155 Bishopsgate London (EC2N SDA Teb (0171) 200 7000 A member of S.E.A.

pipont m

hack 24%

tima high of 43,090.17. Thin, over was also a record, at Thi4,690bn.

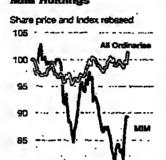
prices by an average 71 per cent from yesterday and is shares rose TL700, or 129 per cent to TL7,000. OSLO rose on lower debt market yields, tha all share,

HEI SINKI, meanwhile, said that it was unaffected by news banking and finance sector gain.

Nikkei up 1.6%, hopes of action to steady markets \$51.50 and HSBC Holdings up to NZ\$3.77 and Carter 6 cents : mutual funds, combined wife respite in selling pressure ha \$1.25 to \$86.25. Swire Pacific

low 78.6m shares.

MIM Holdings



Source: Datastreen The Hang Seng index rose

91.49 to 8,491.93, after breaching the 8,500 level briefly in

1995

late trade. Banks rebounded after recent sharp falls with Hang

Seng Bank gaining HK\$1 to

partner in the Bajo de la Alumbrera copper-gold project in-

2.2 per cent at 1.980.

rose\$1.50 to \$52.50.

SYDNEY climbed by 1.9 per cent, the All Ordinaries Index

closing 36.8 higher at 1.936.3

although dealers noted that,

with limited stock available,

many institutional investors

bought the futures contract,

oushing it up by 42 points, or

MIM rose 9 cents to A\$2.01

following a takeover bid for its

high for the year of 2,019.62, with forestry stocks continuing

issues, Fletcher put on 8 cents

WELLINGTON regarded the December quarter GDP data as positive evidence of economic

the composite index 41.75 higher to 2.418.38, but volume dipped to 946.4m shares. PLDT rose 50 pesos to 1,590 slowdown and the NZSE-40 pesos while PNB ended 2.7 per Capital index rallied 20.73 to its cent up at 227 pesos, Petron rose 5.6 per cent to 18.75 pesos and Filinvest Land gained 8.8 to lead the way higher. Among recently neglected

per cent to 7.40 pesos.

BOMBAY saw moderate buy-

KUALA LUMPUR saw a Unit Trust of India, the coun try's largest montual fund. The BSE-30 share index closed 36.17 technical rebound after Monday's sharp fall and the com-

or 2.4 per cent higher at although volume was held at a 3,394.42. The mood was again beined Repco Holdings was among by hopes that a forward trading mechanism would be intro-duced by the Securities and Exchange Board of India neg the biggest winners, rising 70 cents to M\$11.10 on rumours that it might be about to call

off a deal that would dilute its Tata Engineering and Loco MANHA was lifted by strong motive Company (Telco) actively bought by foreign mutual funds, gained Rs25 or 5.8 per cent to Rs460.

KARACHI was higher in heavy volume on institutional demand, the KSE-100 share index rising 22.27 or 1.3 per cent to 1,684.45. -- SEOUL closed lower across.

the board in extremely thin trading with investors worried ing hy local and foreign about the outlook.

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Histor company